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No. 47

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## NATIONAL ECONOMIC POLICY

### ECONOMIC JOURNAL CARRIES NOTES ON AIMS OF SOCIALIST PRODUCTION

HK201500 Beijing JINGJI YANJIU [ECONOMIC RESEARCH] in Chinese No 12,  
20 Dec 79 pp 23-41 HK

["Collected Notes on the Aims of Socialist Production"--slantlines denote boldface type]

[Text] Editor's Note: On 25 October this year, the Economic Research Institute of the Chinese Academy of Social Sciences and the editorial department of this magazine jointly invited a number of economic workers and economic theorists to a group discussion meeting on the problem of the aims of socialist production. Excerpts of some of the speeches made at the meeting are published below.

The problem of the aims of socialist production is one touching on basic guidance ideology which those engaged in production and capital construction must first clearly understand. We must first clearly understand that in doing capital construction work, striving to bring about the four modernizations, readjusting the proportionate relationship of the national economy, restructuring the economic management system, and improving the economic structure, the aim is to satisfy to the fullest extent the material and cultural livelihood needs of the people. The basic economic law of socialism which Stalin propounded in his book on "Economic Problems of Socialism of the Soviet Union" constituted the theoretical conclusion derived from his summing up of the lessons gained from over 30 years experience in socialist construction. They are well worth our study and understanding.

To encourage discussion on this important economic theory, this magazine will continue to publish research articles on this problem. [end editor's note]

#### I. Article by Wang Huide [3769 1920 1795]: "Certain Theoretical Problems on Economic Work in Our Country"

To better carry out the decision of the 3d plenum of the 11th Central Committee, practically and effectively readjust, restructure, consolidate and improve our national economy and push the healthy development of the four modernizations, many problems of economic theory need to be studied in earnest in combination with the actual conditions of 30 years of our socialist economic development. This is to find out the general rules governing socialist economic development

and the special rules applying to the socialist economic development in our country which can be used as a guide to our work. It is naturally an extremely difficult task. But it is a problem which we must and certainly can solve. Our many economic workers and economic theorists must and certainly can contribute to solving these big theoretical problems. Here I wish to bring up the following points for our discussion and study:

### 1. Nature of Our Economic Work

This appears to be a problem which is not a problem at all. However, it is my opinion that not every economic worker knows this problem clearly. Our economic work is part of the work of the party while the work of the party in its entirety and all the campaigns led by the party are for the "benefit of the great majority of the people" as clearly pointed out by Marx and Engels in the "Declaration of the Communist Party." This was true both before and after the seizure of political power by the proletariat. Outside of seeking benefit for the great majority of the people, the party harbors no other objective. After leading the people to seize political power, particularly following the elimination of the exploitation system, our party's central problem is to pursue socialist economic construction, with the sole aim being to seek benefit for the entire people. Hence, whether and in what way we can make use of the power which the people have given us to serve their interests is a problem related to the nature of political power itself. At present, our whole-people ownership system takes the form of national ownership under which the people's wealth and their production materials are handed to the state. What does the state do with all the production material in its possession? Whose interests does it serve? Naturally it should serve the entire people and seek welfare for the entire people. This is the basic factor which determines the nature of our economic work. If our economic work becomes divorced from the interests of the people and does not seek welfare for the people, it will lose its socialist nature and we will lose out. Is this not the problem or, is this point understood by all our comrades engaged in economic work? This is still open to question.

### 2. Tasks of Socialist Economic Work

When the Russian Social Democratic Labor Party was formulating the party's guiding principles in 1902, the draft prepared by G. V. Plekhanov contained the following sentence: After eliminating the production relationships of capitalism, the proletariat will "in a planned manner organize social production to satisfy the needs of the entire society and of its each and every individual member." But in Lenin's opinion, putting it this way is "not exact and not efficient, since a trust can also organize the process of social production in the same manner." It may be clearer if put this way: "Undertaken by the entire society" (this will imply its planned nature and also the executor of the plan) to not only satisfy the needs of members of the society but also to fully insure the welfare and the overall development of freedom for all the members of the society." (Lenin: Collected Works, "Views on Second Draft of Guiding Principle by Plekhanov," Vol 6, p 37) Lenin revised the paragraph drafted by Plekhanov as follows: "To attain real emancipation, the working class must pursue social revolution, which is brought about by the development of capitalism, that is to say, eliminate

the system of private ownership of means of production, convert them into publicly owned property and organize socialist commodities production by the entire society to replace capitalist commodities production. This is to fully insure the welfare and the full development of freedom for all the members of society." (Lenin: *Collected Works, "Draft of Guiding Principle of the Russian Social-Democratic Labor Party,"* Vol 6, p 11) This ideology of Lenin's corresponds with that of Marx and Engels. [HK201502] In his "Notes Refuting Duhring," Engels pointed out that with the system of private ownership eliminated, "social production cannot only insure all members of the society an opulent material life that will become more prosperous every day but also the free development and usage of their mental and physical powers. It appears that in making the definition of the basic economic law of socialism, Stalin's use of the word "insure" has a background to fall upon and is extremely important. To really set up a socialist society not only requires the development of production to such an extent as to insure the full satisfaction of the needs of each individual of the society but also to provide assurance that the physical and mental powers of each individual member can attain free and full development. If we do not look at the matter in this manner, do not do our economic work in this way, do not take it as the basic task and target of struggle in our economic work, do not take the fulfillment of this target as our sacred duty or do not struggle hard for the achievement of this target in our work, then we will be neglecting our duty and departing from Marxism in ideology. Lenin brought it up as the party's guiding principle and as the target for the party's struggle. Since our party is the political party of Marxism-Leninism, there is no doubt that we should act in this manner. But, do our comrades in economic work treat this problem in the same light?

### 3. Starting Point in Formulating the National Economic Plan

Formulation of the national economic plan must follow objective economic laws. In the past, we did many things in a reckless subjective fashion, bowing to subjective demands in arranging the proportionate relationship and the speed of development. This resulted in serious maladjustment in the ratio between accumulation and consumption, between capital construction and production in existing enterprises and between agriculture, light industry and heavy industry. Consequently, production failed to advance and living standards did not improve.

In formulating the national economic plan in accordance with objective economic laws, we must first of all follow the requirements of the basic economic law of socialism. Stalin said the basic economic law is that kind of law which does not determine the development of social production in a certain direction or in accordance with a certain process but which determines the development of social production in all principal directions and in accordance with all principal processes. For this reason, to study whether our national economic plan is in accord with reality and with the demands of objective economic law, we must first of all see if it is in accord with the demands of the basic economic law of socialism and whether its main direction is correct.

Take, for example, the requirement of the basic economic law of socialism calling for "insuring the satisfaction to the fullest extent of the nominally increasing material and cultural needs of the entire society." Let us see how the Soviet Union's First Five-Year Plan was formulated under Stalin's leadership. At that time, the Soviet Union was still the only socialist country in the world. The pressure that was brought to bear on the Soviet Union by the international situation was rather heavy. The international and domestic situation required the Soviet Union to have a rather high pace of economic construction. All along Stalin believed that "development of heavy industry was the pivotal point and the basis of industrialization." Accordingly, priority was given to the development of heavy industry. But even under such a guiding thought, in the Soviet Union's First Five-Year Plan only 20.7 percent of the total financial appropriations were given to industry. Adding the 3.4 percent given to the power industry and the 11 percent to transport, the total was only 35.1 percent. On the other hand, the appropriations for social welfare were 24.9 percent. Included in the five-year plan were a target for increasing the consumption goods per individual and a target for an increase in wages. The latter provisions were made in a concrete and definite manner, such as a provision for a per-capital increase in the size of living quarters and provisions for increases in quantities of cotton or woolen knitted goods, leather shoes, milk products and so on. However, in our national economic plans, we do not have any provision for civilian living quarters nor do we have a planned target for wage increase (First Five-Year Plan excepted), or any planned target for an increase in consumption goods for the individual! Then is it all necessary to consider how to meet the demand of the basic economic law of socialism such as: insuring fulfillment to the greatest extent the nominally increasing material and cultural needs of the society? The problem of "taking steel as the leading factor" is still awaiting solution. The investments on a certain steel complex recently were enormous. Why? Bearing in mind the enormous scale of capital construction and the large number of intermediate products with a low wage scale prevailing for a prolonged period of time and the tense and crowded condition of the civilian living quarters, is the direction taken a correct one? Therefore, I believe that in formulating our national economic plan, the starting point should be the satisfaction of the consumption needs of the people, and that in making arrangements for production and for economic construction the starting point likewise should be wherever possible the satisfaction of the people's needs for consumption goods.

#### [HK201544] 4. Has Our Economic Structure Become Abnormal?

For a prolonged period of time, we have been taking steel as the "leading factor." The starting point of everything is steel's production needs. This has resulted in the national economy becoming abnormal in development. From 1966 to 1978, of the total capital construction investments, heavy industry occupied over 55 percent and light industry only 5 percent. From 1952 to 1978, the capital construction investments on one single item of the metallurgical industry alone was over one time more than the total investments in light industry. At the same time, the major task of heavy industry was serving itself. The development of the steel industry requires in accompaniment the development of such industries as electric power, machine-building, transport, mineral ores and fuel while the development of these

industries in turn requires the development of the steel industry. The process may be linked to a snowball getting bigger and bigger in the rolling process. And all the while much of the people's wealth was consumed, production of consumption goods needed by the populace could not grow rapidly. Moreover, speaking from the standpoint of accumulations, our accumulations of a productive nature were too heavy. They squeezed out accumulations of a nonproductive nature. Is a national economic structure of this sort normal or abnormal?

### 5. Can We Raise High the Welfare Banner?

When the "gang of four" ran amuck, any mention of welfare was tabooed as "revisionism." During these years, any mention of welfare was aligned with capitalism, or as a special and exclusive feature of a capitalist class. It thus seems that the exclusive feature of a socialist system is hard living. This is indeed strange and absurd. I believe that socialist China, with justice on its side, should boldly and assuredly speak aloud for the people's welfare, and that by right those who labor with enthusiasm should be entitled to more welfare benefits. According to Marxist theory, fully protecting the welfare of the entire people is within the special realm of the socialist system. Can the capitalist exploitation system insure the welfare of the entire people? Can the capitalist class seek welfare for the entire people? Certainly not! The only circumstance under which the capitalist class would be forced to improve salary and wages and welfare benefits to workers and other constituent members to society is when they have a stable social environment to pursue their capitalist exploitation smoothly and to obtain the highest possible profit although all the time they are still being subjected to opposition and struggle from the working class. On the contrary, the socialist system, being a system in the nature of socialism, seeks welfare for the entire people and takes on as its own responsibility and obligation and as its sole purpose and sacred duty the insuring of the all-round development of the welfare and freedom of all the members of society. This is the nature and the basic special feature of the socialist system.

We cannot one-sidedly stress difficult and hard struggle. It is alright to talk about difficult and hard struggle to stress economy but this should be applicable to production only. A returned traveler from abroad observed: The capitalist society practices economy in production but practices waste and extravagance in living. We practice waste and extravagance in production but economy in living. As seen from certain symptoms, a capitalist society does behave in this manner. It illustrates how calculating and meticulous the capitalists are when they seek profit and how they spend lavishly and wastefully when seeking personal enjoyment. But to say that we practice lavishness in production and suffer hardship in living should not be interpreted as the original nature of our socialist system. It only illustrates the defects in our economic management structure and the erroneous guiding thought. If we were to one-sidedly stress hardship in living and make believe that victory was ours if only we could insure that nobody would starve to death then we would be drifting away from the great direction of socialism and also become alienated from Marxism. Under our present system, not any kind of production increase will contribute to improving the people's

living. Is it possible for a production structure which takes steel as the leading factor to accomplish full satisfaction of the material and cultural needs of the people? Stalin said that production which deviated from the people's needs would not last long. This is extremely correct and represents the Marxist viewpoint. In my opinion, socialist nations should boldly and assuredly raise high the banner for the people's welfare, and do their utmost to insure satisfaction of the needs for the people's material and cultural lives. This would be the pride of the socialist system and would illustrate the innate quality of socialism and the superiority of the socialist system.

#### 6. Will There Be Punishment for Violating the Basic Economic Law of Socialism?

Because of violations of the rule calling for a planned and proportionate development, the national economy has suffered maladjustments in its internal relationship and has thus been consequently punished. Will there be any punishment for violation of the basic economic law of socialism? I would assuredly say yes. Poor food, poor clothing and poor living quarters are the penalties suffered by everybody. But, in my opinion, the heaviest penalty is the low degree of labor enthusiasm. The reasons for low labor positivism are many but the basic one is that the lives of the workers have not been improved for a long time and there are no assurances for the satisfaction of the continually increasing material and cultural needs of the workers. People used to say, "There will be food in the rice bowl." This sounds reasonable. However, if for a long time the cooking pot has food but there is no, or little, food in the bowl, can the worker raise his enthusiasm? As I see it, if we do not follow the principle that "if there is food in the cooking pot, then there should be food in the rice bowl," in the end the cooking pot will become empty. [HK201506] Returning from an investigation trip to the rural villages some comrades said: In localities where erroneous policies are in force and in localities where the leadership shows no concern for the lives of the populace, the peasants have their method of retaliation, and that is they deliberately go slow on their work. I believe that is the punishment meted out to us by the people for not observing the basic economic law of socialism. Why should workers and peasants labor or do production work? Is it not for the sake of meeting their own living needs? Is it not for the sake of a better living? If not, why should there be revolution, or elimination of the exploitation system, or seizure of the materials for production, or engaging in socialist construction? If we actually forget this point and forget the basic economic law of socialism, we must surely suffer punishment. As a matter of fact, we have already suffered much punishment. After all these bitter lessons, it is time now that we learn this basic economic law of socialism and earnestly follow it.

#### II. Article by Xu Lu [1776 5684]: "The Basic Economic Law of Socialism and Readjustment of the National Economy"

Since the beginning of this year, readjustment of the national economy has been progressing and initial results have been achieved. Encouraged by the spirit of the two documents from the central authorities, the peasants are anticipating a relatively good harvest. In industrial production, pushing the increase-production-practice-economy campaign of the populace has made

it possible to expect that this year's national plan will be fulfilled or overfulfilled. As a result of raising the purchase prices of principal farm byproducts, providing jobs to a large number of unemployed and granting wage increases to 40 percent of the employees and workers in the country, the living conditions of the people in urban and rural areas are showing a noticeable improvement. But the points worthy of note are: the stride of the steps taken in readjustment is not big enough, there is much obstruction of the road ahead, and the readjustment tasks are still very heavy.

On the agricultural side, although this year there was an increase in grain production and the production-increase in edible oils was not small, not a very large improvement was made in cotton and other economic crops or in the forestry, cattle-raising, byproducts and fishery sectors. So the peasants may have leisure to rest and recuperate, every year the state has to import from abroad large quantities of grain, cotton, animal and vegetable oils and sugar to make up for the insufficient domestic production. In industry, a slow growth rate is seen in light industry, textile industry and the handicrafts, all of whose products are needed for people's livelihood use both inside the country and abroad. It is lower than what is called for in the development plan. On the other hand, certain products of the heavy industry which already have been stockpiled owing to nonconformity with specifications have shown a production increase higher than originally planned, while certain other products which, following their specifications having been slightly adjusted, would have helped in easing the urgent needs of the light industry were not so adjusted and production could not be increased. This made it necessary for light industry departments to import them from abroad. For example, this year 30 percent of the tinplates, black iron sheets and steel strips needed in light industry production had to be imported from abroad because the domestic products did not conform with specifications. Many of the production units in heavy industry which produce raw materials, materials and products for agricultural and light industrial markets are just starting production while some are still immobile. As a result, up to now no great improvement has been made in the irrational structure of certain heavy industry products or in the maladjustment in proportionate relationship between light and heavy industry. As to capital construction, no basic change has been made on such a state of affairs as "the frontline extending too long, number of items too numerous and the prodigious size of some of the projects." If we add together all the funds from state appropriations, bank loans and funds raised by the localities and enterprise units for the purpose of capital construction, then the total capital construction funds available this year will actually be about one-half of the total financial receipts of the state. It may be said that the battleline has not been shortened, that some enterprises are still actually living on their own capital, that some are engaged in reproduction of a very simple nature, and that even the principle of "production first, capital construction second" has not been firmly carried out. Looking at the present industrial enterprises, we still find many which have not done any consolidation work, their management is still confused and the economic results of their operations have not improved to any great extent. The quality of certain products is poor, consumption of materials in production is high and the deficit incurred is big. As to those enterprises which engage in duplicate or in blind production, those which should have changed their production have not done so, those which should have been merged have not done so and those which should have stopped

production have not done so. The situation of there being "big and all-embracing" enterprises and "small but all-embracing" enterprises has not been rectified. Deficits incurred by industrial enterprises since the beginning of the year have been expanding. Many localities and departments simply do not have the determination to carry out or have not started to carry out such measures as really and penetratingly carrying out the "eight character" principle, reorganizing their structure and pushing specialization and coordination, closing or merging a number of enterprises, and changing the situation of "making five people partake of food for three" thus enabling those enterprises which have been retained to eat full and hearty meals and to work in full steam.

[HK201508] The readjustment of the national economy this year is under conditions different from those found in the readjustment in the early 1960's. There are many advantageous conditions this year. The last readjustment was confronted by such serious conditions as severe natural disasters for 3 years in succession and the Soviet Union recalling her experts, tearing the agreements to pieces and stopping aid. This time, the situation in agriculture is better, industry's foundation is much stronger, material resources in the market are more plentiful and, what is more, foreign capital is available for use. This being the case, then why is it that the force of obstruction appears to be large and the stride of steps taken not big enough?

The 10 year interference and interruption caused by Lin Biao and the "gang of four" to the national economy brought about a serious maladjustment in its proportionate relationships and has required some time for readjustment. The upper strata of our structure and those related to production work have impeded the workers and employees, enterprises, the localities and central departments from fully displaying their positivism. Rectification will likewise take some time. Outside of these two factors, it appears that the biggest and major factor, looming as a "tiger blocking the road," is the poisonous and bad influences left behind by the extreme leftist line of Lin Biao and the "gang of four." They imprisoned, so to speak, the people's mind and tightly bound their hands and feet. Noting these factors, the party Central Committee and the State Council analyzed the situation and decided on the readjustment, restructuring, consolidation and improvement of the national economy as the first step in the realization of the four modernizations. Nevertheless, certain comrades still doubted whether readjustment was necessary, saying: "The world is quiet and peaceful; only the simpletons are causing commotion." Some other comrades felt unconvinced when hearing the word readjustment. They said: "800 billion jin of grain and 60 million tons of steel. Don't we want them at all?" Some even said: "Do not touch any of my enterprises"; "We must resist firmly." Concerning the "eight-character principle," some comrades showed some enthusiasm toward the two characters meaning "restructuring" but as to the pivotal point of the principle, the characters for readjustment, they were unable to show any positivism. They wished to go up but not down, to go forward but not backward, to make longer a short line but not shorter a long line, and so forth. In consequence, the wishes to go up began to be met. The state purchase prices of farm byproducts were raised, more people were given jobs and salaries and wages were increased. But what should have come

down failed to do so. The scale and number of capital construction projects could not be reduced and what should have been shortened could not be. Those which should have been speedily developed such as the light and textile industries were not so developed or not to the ideal extent. Does not all this prove that the ideologies "production for production's sake" and "speed for speed's sake" are still stubbornly playing havoc? If in theory and in ideology we do not solve and study our problems and truly follow the objective economic laws in doing things then we can hardly do well in performing our readjustment work.

In our opinion, the readjustment this time is not at all a measure of expediency for the time being. Rather, it is to summarize the 30 years experiences in socialist construction to basically solve the problem of engaging in construction work in accordance with objective economic laws. Under the present circumstances, to learn anew Comrade Stalin's theory on the basic economic law of socialism and discuss anew the problems concerning the aims of socialist production and the target of economic development will help us in heightening our understanding of the readjustment work and solving the problem of what guiding thought to be used to speed up readjustment and the realization of the four modernizations.

What is the basic economic law of socialism? In his book on "Socialist Economic Problems of the Soviet Union" published over 20 years ago, Stalin gave a lucid definition, saying: The special feature and demand of this law are: "employment of a measure to continually increase and improve socialist production in a background of a high degree of technology is to insure the satisfaction to the fullest extent of the normally increasing material and cultural needs of the entire society." Herein are included both the aim of socialist production and the measure to achieve this aim, the problems that this law is meant to solve are "what aims should the society attach to production in the society" and "what purpose should production in the society serve." Yaroshenko one-sidedly misconstrued the basic economic law of socialism as "production for production's sake." What he said was: The basic economic law of socialism is "the continual increase and daily improvement in production of the material resources and cultural living conditions of the society." In this way, Yaroshenko mixed together method and aim. Stalin's comment on this was: "Mankind does not engage in production for production's sake but for the purpose of satisfying its own needs." He further pointed out: "Production which has deviated from the needs of the society is destined to fade and be ultimately obliterated."

[HK201510] Practice is the sole criterion in the examination and verification of truth. Reviewing our struggle in the past 10 years against Lin Biao and the "gang of four," it is eloquently proven that Stalin's theory on the basic economic law of socialism is extremely correct. It is now very clear that Lin Biao and the "gang of four" acted outrageously for a time, made up reactionary public opinion, deceived the people, directly wrecked production, and only engaged some ornamental "production for production's sake" to achieve their counterrevolutionary aims. Because they did not care what happened to the people and slandered any attempt to improve the lives of the people as "economism" and "welfarism," they brought production on society to the verge of collapse and to a stage of "utter retrogression and near obliteration,"

and in the meantime they themselves suffered the consequences and were digging their own graves. We are now readjusting the national economy because we must uproot the serious and evil consequences due to the wrongs, absurdities and violation of the objective economic law and, in particular, violation of the basic economic law of socialism made by Lin Biao and the "gang of four."

In his speech at the gathering in celebration of the 30th anniversary of the founding of the People's Republic of China, Comrade Ye Jienying made a summary of the struggle which involved the destiny of our country between our party and Lin Biao and the "gang of four." As the first lesson in his summation, he sounded the call to "vigorously develop the productive power of the society and gradually improve the lives of the people." He said: "The purpose of socialism replacing capitalism is to liberate the productive power, gradually improve the labor productivity rate and satisfy the people's material and cultural livelihood needs. This is the fundamental aim of socialist revolution. After seizure of the country's political power, particularly after installation of the socialist system, the proletariat must firmly and resolutely put the principal weight of their work on economic construction. There must be a vigorous development of the society's productive power and gradual improvement of the people's lives. With the exception of a large invasion of our country by a foreign enemy, no interference of any kind should make us deviate from this central task." This is a scientific conclusion calling for a firm determination to follow the basic economic law of socialism in establishing socialism and is derived from noting the big fundamental differences between socialism and capitalism and the high basic aim of socialist production.

Therefore, I agree that since the state is entering into a new stage of bringing about socialist modernization and since we are now readjusting the national economy, our circles of theorists and economists take up research and discussion on this theory of the "aim of socialist production" and the "basic law of socialism." In my opinion, pushing the discussion now is timely and necessary, has an important theoretical meaning and embodies practical significance of an urgent nature.

[HK201512] III. Article by Xu Gang [6079 0474]: "We Must Also Be Determined To Do Well in Fighting the Battle of Readjustment on the Industrial Front"

The party Central Committee has advocated that it is first necessary to implement the policy of readjusting, restructuring, consolidating and improving the national economy in the new long march of socialist modernization and put forth the demand of realizing this eight-character policy in 3 years time (from 1979 to 1981). This wise resolution is of great strategic significance and has embodied the common desire of the people of the whole country. The party Central Committee has also clearly pointed out that readjustment is the key link in the eight-character policy. The first of the 3 years will soon be over. To accelerate the pace of readjustment, it is necessary to handle properly the interrelationships between some important questions. The relationship between the rate of development and readjustment in industry is one of them.

## The Relationship Between High Speed and Readjustement

High speed emerges in the process of proportionate development. High speed can only be attained when there is proportion. Disproportion is like a cripple, with one leg shorter than the other. If he cannot even walk properly, how can he run? In running, how can he help but fall down? In this way, high speed cannot be attained and there will even be regression. History has fully verified this truth long ago. During the First Five-Year Plan, our country's various proportional relations in industry were fairly well coordinated and the speed of development was fairly high, although a fairly high speed was attained in the period from 1958 to 1960, such a high speed (which was diseased itself) could only last 3 years since the former fairly harmonious proportional relationships were upset. Following this, not even the lowest speed could be maintained. A trend of decline emerged in industrial production and the broad masses of the people endured the hardship of disproportion. In 1962, the party Central Committee put forth the policy of readjusting, consolidating, strengthening and improving and spent 3 years in carrying out readjustment from 1963 to 1965. Only in this way did the development in industrial production return to normal.

The actual condition has similarly illustrated this principle. Owing to the sabotage by Lin Biao and the "gang of four" for a long period, proportional relations were again out of balance and the national economy was on the verge of collapse. In the first 2 years after the "gang of four" was shattered, we had rapidly healed the external wound caused by the sabotage of the "gang of four" under the correct leadership of the party Central Committee and there was recovery and growth in industrial production. The speed was high and the gross industrial output in 1978 showed an increase of 13.5 percent over that of 1977. Since we did not have enough time to heal the internal injury in the national economy (which was mainly a serious disproportion) in the course of healing the external wound, there was an obvious retardation in the speed of industrial growth under such a condition. This year, a growth of 8 percent over last year has been planned. Moreover, there is the possibility of continued retardation. A higher speed will emerge only after the proportional relationships have returned to normal through readjustment.

High speed is the outcome of readjustment and readjustment is the prerequisite for high speed. We cannot reverse cause and effect and consequently can only advance in the course of readjustment. Readjustment is to take one step backward to take two steps forward. The aim is advancement and not regression. However, we cannot go forward without going back. The proportional relationships that are seriously out of balance cannot be readjusted amidst advancement on all sides. Take the disproportion between accumulation and consumption (manifested as an excessive rate of accumulation) for example. Since the national funds are limited, these two aspects cannot march forward together. If readjustment is carried out by increasing the investment in capital construction and increasing the number of construction projects, this disproportioned relationship will become even more unbalanced. Only by cutting down investment in capital construction, reducing construction projects and shortening the battlefield for capital construction is it

possible to readjust better this proportional relationship. Similarly, the important proportional relationships in industry, such as those between light and heavy industry and between the industry of fuel, power and raw materials and processed industries cannot be readjusted in the course of advancement, because in the present industrial structure, there are by far more heavy industries than light ones, with the machine-manufacturing industry occupying a very great share in the entire industry. Under such conditions, it is certainly necessary to rely on the high speed in heavy industries maintain a high speed in industry. [sentence as printed] If there is low speed in the heavy industries, the deficient parts will have to be supplemented from the light industries. The light industries must grow at a speed which is much higher than the speed in the entire industry. At present, such a condition is not available. Therefore, if emphasis is placed on high speed in the entire industry at present, it is in fact still high speed in the heavy industries. In this way, the imbalance between the light and heavy industries cannot be readjusted and we will only intensify the disproportion. We can only readjust this disproportion by closing down, stopping production, amalgamating and changing the production line, shortening the industrial battleline (mainly shortening the battleline of heavy industries) and reducing the production speed to an actually balanced, objectively practicable level which can be attained through subjective efforts, this is to say that in the overall situation, readjustment can only be made by regression.

[MK201514] Certainly, speaking of the various actual sectors, there is advancement as well as regression. For example, light industries should advance and heavy industries should retract. Fuel and power industries should advance and processed industries should retract. The enterprises which have high quality and low consumption, which produce varieties of goods with a ready sale in conformity with the needs of the people, and make many profits should advance. Enterprises which have low quality and high consumption, which manufacture goods without a ready sale and which incur losses, those enterprises which waste a large amount of energy and have to be subsidized by the state in particular, or certain products which are superfluously manufactured by quite a large number of enterprises, and enterprises with excessive productive capacity at present, should retract. Without rejection, there is no retention. If we do not reject a group and retain the other group, the whole situation will be worn down.

In sum, we should correctly recognize the relation of cause and effect between speed and readjustment. In actual work, we should grasp readjustment with one hand and speed with the other. However, we must not exert our efforts equally; we must exert more efforts in some aspects and less in others. There must be the principal and the subsidiary and we should take readjustment as the key point at present.

#### A Correct Guiding Thought Is Needed in Grasping Readjustment and Speed

It has been mentioned above that readjustment seeks to readjust the proportional relations which are out of balance, with speed being the outcome of readjustment. But if the guiding thought is not correct, good results cannot be attained even though great efforts are exerted. What then is the correct

guiding thought? We can learn new things by reviewing old ones. It is helpful to review historical experiences and lessons.

In the 3 years from 1958 to 1960, the speed of growth in industrial production was very high. Heavy industries were prominently developed, while light industries did not receive due attention. The speed of growth in heavy industries was approximately 10-fold the speed of growth in light industries and the development of light and heavy industries was extremely unbalanced. As a result, this reversed the situation in 1957 when light industries occupied a greater proportion than heavy ones. In 1960, heavy industries doubled the number of light ones with a great difference existing between the light and heavy industries. Although the speed in the entire industry was very high and the output of iron and steel increased rapidly, the national economy encountered tremendous losses. The supply of market commodities became critical and it was difficult to guarantee the meeting of certain basic needs in people's livelihood.

In the 3 years from 1963 to 1965, a considerable number of enterprises were closed (especially the small iron and steel plants which wasted large quantities of social wealth). This greatly shortened the battleline of heavy industries and simultaneously accelerated the development of light industries. (Certainly some other major measures were adopted, such as great reductions in the rate of accumulation and in investments in capital construction, cancellation of a large number of capital construction projects and so on. Since this article discusses industry, other questions are not involved here.) After such a readjustment, the reversed proportion between the light and heavy industries has been reversed once again, forming the new proportion with roughly the same amount of light and heavy industries, with slightly more light industries than heavy ones. Accordingly, growth at a higher speed emerged in these 3 years. The market supply condition was eased and the people's livelihood was greatly improved.

The duration of the great leap forward and of the period of readjustment was the same. During the great leap forward, the people fought one hard battle after another. They rendered much greater efforts and shed more sweat than in the period of readjustment. However, since there were two different guiding thoughts, there were two distinctly different results. The former blindly pursued high speed and lay particular emphasis on developing heavy industries. Thus, the leg of heavy industries was stretched very long, while the leg of light industries had relatively become very short. The structure of industry had become extremely abnormal. This guiding thought which ignored the needs in people's livelihood and which advocated high speed for the sake of high speed and production for the sake of production ran counter to the law of basic socialist economy and the law of proportionate development. The latter placed emphasis on readjustment, focused attention on balance and on a coordinated proportion and not on speed. Thus, priority was given to light rather than heavy industries. This takes the guiding thought that production is for meeting the needs in the people's livelihood and conforms with the law of basic socialist economy and the law of planned and proportionate development in the national economy. These two different periods each lasted 3 years have given us a very profound lesson and

experiences. Shouldn't we firmly bear this in mind? Therefore, the guiding thought from 1963 to 1965 should also be the guiding thought for us today.

The so-called disproportion means that there is a surplus in certain items and a shortage in others. The surplus constitutes a long leg and can be called "production of goods which are in excessive supply." The shortage is a short leg and can be called "production of goods which are in short supply." This is too unbalanced and must be readjusted. [HK201516] How should this be readjusted? There are two views. One advocates taking from the long to add to the short; the other advocates that the long leg takes small steps and that the short leg takes big strides. Which method is better? The former method needs a surgical operation and pain is felt for a short period, but the cure is fast and the entire industry can develop healthily after not too long a period of readjustment. The latter method is in fact a concealment of the malady for fear of taking medicine. It greatly prolongs the period of disproportion and seriously hinders the reform of systems and the readjustment in the management and operation of enterprises. The eight-character policy may even come to nothing because of this. All the current shortcomings--such as the great wastage of limited fuel and power and raw materials: the situation where many enterprises are being operated under capacity but nevertheless do not properly organize production or study, thus dragging the teams further downward; the continued increase in materials which are already overstocked; the occupation of large amounts of working capital (which is also one of the reasons for the high accumulation rate), and so on--will develop more and more. All this will sap our vitality. If we wait until that time to take from the long to add to the short, we will incur a greater surgical operation and encounter even greater difficulties. The entire national economy and the broad masses of people will suffer even greater losses which will be detrimental to socialist, modernized construction.

There are only 2 more years left in the time for the implementation of the eight-character policy. We should not miss any opportunity, time will not come again. We must firmly grasp the key link of readjustment. The upper and lower levels in the whole party and the whole country should be united. We should concentrate our efforts, and with one heart and one mind, fight well and win this first battle.

[HK070950] IV. Article by Hui Yuanying [1920 0337 5391]: "Vigorously Push Development of Light Industry To Satisfy People's Needs"]

The present discussions on the "theory on the aims of socialist economy" to clarify the target of socialist production have important and deep significance on carrying out the principle of readjusting, restructuring, consolidating and improving; and on speeding up the four modernizations. Stalin pointed out that the "objective of socialist production is to insure the satisfaction to the fullest extent the daily increasing material and cultural needs of the entire society." This is easily understandable common sense. Why is it that certain comrades cannot find it acceptable? Since the establishment of our republic, we have copied the Soviet Union's method of giving priority to the development of heavy industry in arranging the national economic plan. For a prolonged period of time, we have followed

the guiding thought of taking steel as the key link in the development of industry. With the interferences from the extreme leftist line of Lin Biao and the "gang of four," the people's thinking has become confused. It would appear that the development of heavy industry is the only road to socialist industrialization and that the development of light industry is the road to capitalist industrialization. At one time, it was even thought that to show concern for the people's livelihood and to improve the level of the livelihood of the people materially and culturally was revisionism. There are still some comrades whose understanding cannot be changed. They overlook the economic laws of socialism and do not arrange the national economic plan in the order of agricultural, light industry and heavy industry. They fail to give the necessary important attention to agriculture and light industry which provide the people with food, clothing and articles of daily use. Instead, one-sided stress is placed on heavy industry, which has resulted in a seriously disproportionate development of agriculture, light industry and heavy industry and in the abnormal development of the national economy. Taking note of the above conditions, the party Central Committee has decided to devote 3 years to readjusting the proportionate relationship of the national economy. This is entirely necessary and extremely timely.

Light industry is basically related to the people's livelihood. The organizational structure of light industry (excluding textiles) principally comprise those departments producing consumer goods. It provides consumer goods for daily use directly to satisfy the people's material and cultural needs. Since the establishment of our republic, the production of light industrial goods has increased year by year. In 1978, consumer goods for daily use valued at 44.7 billion yuan were provided to people of the entire nation. This comprised 36.2 percent of the value of retail sales of the consumer goods of the entire society. This year, work in light industry has shifted from grasping value and quantity to grasping quality and variety. Initial results have been attained, with a general improvement in the quality of the products. Some 45 products were given state awards for their good quality and 425 received good quality awards from the Ministry of Light Industry. In addition, over 5,000 new products were trial-produced and over 50,000 new varieties turned out. This has changed the past backwardness in design and variety, which had remained the same year after year. However, because of the serious maladjustment in the proportionate relationship between agriculture, light industry and heavy industry, light industrial production still far from meets the people's livelihood needs. The supply of the majority of light industrial goods is falling behind demand. Production and demand can hardly be met. The split between the availability of goods and the purchasing power of the social structure becomes bigger and bigger. In particular, the supply of many daily use articles such as paper, detergents, household goods, sugar, bicycles, sewing machines and so forth has fallen behind demand for a long time. Resentment among the populace is great.

There are many reasons contributing to the long time failure of the production of light industrial goods to meet demand. Aside from the interruption and interferences from Lin Biao and the "gang of four," the light industry department itself has its own problems. First, what is most important is that the national economic plan has not complied well with the basic economic

laws of socialism and does not embody clearly enough the guiding thought that production must be in accord with the livelihood needs of the people. Year after year there have been insufficient capital construction funds invested in light industry. The percentage occupied by investments in the light industrial system out of the total national investments has continued to fall since the First Five-Year Plan. It occupied 2.5 percent under the First Five-Year Plan, 2.4 percent under the second, 1.8 percent under the third and 1.9 percent in the first 3 years of both the fourth and fifth five-year plans. As a result of insufficient investments for many years in succession, light industry is heavily "in debt." Literally speaking, many of its enterprises have had "to drain the pond to catch the fish." They have barely managed to maintain very simple reproduction and have not obtained any new equipment for production. Their factories have not been improved. Take for example the Shanghai wristwatch plant. [HK070955] The plant has been in operation for over 20 years since its establishment. During this period, its output increased from 13,000 pieces in 1958 to 4.05 million pieces in 1978 and its remittances to the state reached a total of 2.3 billion yuan. However, the state was only granted it some 30 million yuan for capital construction and renovation. As a result, it has not been able to solve those problems which sorely need solution, such as renovation of its production equipment which has been in poor maintenance but is still being used every day for three shifts of production work. Its factory premises are heavily crowded and space originally intended for employee livelihood has been taken over for production use. For example, the only unit occupying some 300 square meters of space and originally intended for use as a cultural and recreation center has likewise been shifted for production use. For the entire staff of over 4,000 employees, there is only 200 square meters set aside for bathrooms. In addition, not one single square meter of dormitory space has been built for 20 years. It has not been able to fulfill even such slogans as "production first, livelihood second" and "for every inch of progress in production there will be improvements of one-tenth of an inch in living conditions."

Second, the supply of raw materials for light industrial production has been insufficient. As a result, gaps have frequently occurred in the production arrangements. Because of the one-sided interpretation of the principle of taking grain as the leading factor, economic crops have been neglected. This has given rise to insufficient raw materials for use in light industry production and to this industry's slow development. Moreover, heavy industry departments have only cared for their own needs and paid little regard to serving the needs of light industry. Consequently, the supply of materials which heavy industry should have provided have been so insufficient that they have had to be imported every year to maintain production.

Speeding up the development of light industry and producing more consumer goods which the people like and which are good in quality and cheap are the objectives of socialist production and what the masses are concerned with. Likewise, what the party Central Committee demanded in the readjustment of the national economy was that the development of the light and textile industries be speeded up and exceptional measures taken to enable "their growth rate in production to match or surpass that of heavy industry so that the increase in production of the light and textile industries could

generally correspond with the growth in the purchasing power of the society. Additionally, exports of certain products were to be greatly increased." In reality, this spirit has not been carried out well. In 1979, the state expected light industry to have an 8.3 percent growth rate over 1978. This target was already lower than the growth rate of the purchasing power of the society. But in the first half of 1979, quite a large portion of the production capacity was laid idle because of the uncertain and short supply of raw materials, such as coal, electricity and transport facilities. Only in the second half of the year did the growth rate begin to climb. It is now estimated that the growth rate this year will at the most be 7 percent over last year, whereas the increase in purchasing power will surpass the original estimate. In this way, the supply of commercial goods will not be able to match the increase in purchasing power. The 1979 capital construction investments in light industry were reduced from 990 million yuan to 880 million yuan. In consequence, many projects which should have been undertaken were left out.

Since the state purchase price of farm byproducts was adjusted this year and the pay scale of workers and employees was raised, there was a large increase in the purchasing power in the society. It is thought that a growth rate of 10 to 12 percent may be expected of light industry in 1980 in order to satisfy market needs. However, at the present moment, judging from the available supply of raw materials, a growth rate of only 5 percent can be insured. At this rate of development, the disparity between the quantity of commercial goods available and the society's purchasing power not only cannot be reduced but will be enlarged. Although the state has granted light industry departments short-term bank loans amounting to 900 million yuan for 1980, the capital construction investments will be reduced from 880 million yuan in 1979 to 500 million yuan in 1980. In other words, in the gross capital construction investments of the state, the proportion occupied by light industry will drop from this year's 2.5 percent to 2.17 percent next year. Deficits and debts incurred in the past years are generally expected to be made up in the readjustment process, but this has not actually happened.

In summation, the fundamental reason impeding light industry's advancement is that the guiding thought has not been duly corrected and the objective in socialist production has not been thoroughly carried in actual practice. This obstruction comes from certain comrades failing to admit that there is a maladjustment in the proportionate rate between agriculture, light industry and heavy industry and their making light of the function of light industry as the leader in the development of the national economy. We earnestly hope that through the present discussions on the "theory on the aims of socialist economy" emerge a unified understanding and clarification of the purpose of socialist production, that accelerating the development of light industry will be made an urgent task, and that effective measures will be earnestly taken to make light industrial production serve the purpose of fulfilling to the fullest extent the normally increasing material and cultural needs of the society.

[HK201518] V. Article by Wang Jue [3769 3778]: "Only If We Understand the Purpose of Socialist Production Can We Change the Order of Heavy and Light Industries and Agriculture to Agriculture and Light and Heavy Industries"

We have talked much about the importance of developing agriculture, followed by light and heavy industries over the past many years but we have been putting heavy industry before light industry and agriculture and the people throughout the country have been seriously effected by this practice. Of course, there are many factors that have made the theory of developing agriculture followed by light and heavy industries depart from practice. But the vital factor has been that we do not really understand the purpose of socialist production and we have violated the basic law of socialist economy. In order to basically change the present irrational economic structure, arrange the national economy according to order of agriculture and light and heavy industries and realize the long range goal of the four modernizations, it is imperative to understand theoretically the purpose of socialist production and the relations between rational economic planning that is arranged according to the order of agriculture and light and heavy industries and practice in realizing such arrangement and to make our work strictly abide by the basic law of socialist economics.

First, the purpose of socialist production is to meet the needs of the people both materially and culturally. Therefore, in undertaking production we must first consider the needs of the majority of the people. Who are the majority of the people? At present stage, they are the peasants who make up 80 percent of the total population. Our peasants live in the vast rural areas throughout the country (including forests and grazing and fishing areas) and agriculture is the base of our national economy. Therefore, it is clear that the majority of our people are peasants, that our work should be concentrated mainly in rural areas and our economy should be based on agriculture. If we are to work according to the basic economic law and meet the needs of the people, we must first of all consider the interests and needs of the peasants, rural areas and agriculture. That is to say, under a unified plan, we must strive to improve the living standards of the peasants and develop rural areas and agriculture. This theory is not hard to understand; it is common sense.

Second, how can we meet the needs of the 800 million peasants? Where will the necessary funds come from? This work cannot be done if we rely mainly on the supply from the state or from the workers. This goal can only be achieved mainly through the work of the peasants themselves and through developing agriculture. The situation after the founding of New China has proven that doing a good job in agriculture brings about improvements in the life of the peasants and people in urban areas, rapid development of the national economy and a stable political situation. On the other hand, if we fail to do a good job in agriculture, the people throughout the country will live a hard life. This situation also affects social stability, the alliance between workers and peasants and economic growth.

Third, in order to do a good job in agriculture, it is imperative to mobilize the positive factors of the peasants and particularly to rely on the initiative of the rural areas. Even from a long-term point of view, we must also rely on the initiative of the peasants in accumulating funds for agricultural modernization. Where will the peasants' initiative come from? It can only be brought about through their socialist consciousness. But experience over

the past years has also proven that it is also important to bring them visible material interests. In this respect, there exist the relations between agricultural production and peasants' life. The development of production is a prerequisite for meeting the needs of the peasants. The purpose of production itself is to meet such needs. Therefore, it is important to understand the purpose of socialist production. Eventually, the life of the peasants must be constantly improved on the basis of a continuous development of agricultural production. This is the only way to maintain and constantly raise the initiative of the peasants.

Fourth, the needs of the people mainly come from agriculture. But a great amount of farm products cannot be directly used to meet the needs of the people either materially or culturally. Such products must be processed or manufactured. Therefore, we must develop the light and textile industries. As society develops, people want to live a modern life, thus demanding more goods with high quality and more varieties. Eventually, we must develop the light and textile industries. In addition to agricultural development, the development of light industry is also determined by the purpose of social production.

Light industry must be oriented to serve the needs of the people, otherwise it cannot constantly develop. This has been proven by history and reality in our country. Therefore, we must develop light industry according to the basic law of socialist economics. A highly developed light industry will promote agriculture to meet the needs of the people.

The development of agriculture and light industry needs support from heavy industry, and such support will become more and more important. It is understandable that agriculture and light industry demand heavy industry to supply them with advanced technology and equipment for their development. Heavy industry also supplies agriculture and light industry with raw material, power and transport facilities. [HK201520] Such support on the part of heavy industry are the prerequisite for the rapid development of agriculture and light industry and are in line with the needs of developing production. The shortcomings and mistakes we made in the past mainly stemmed from the fact that we did not really understand the importance of heavy industry in supporting agriculture and light industry, we blindly set high production goals, resorted to the principle of taking steel as the key and concentrated our efforts on capital construction. This practice seriously affected agriculture and light industry and pushed the national economy out of balance. Yet, it does not mean that we must not develop heavy industry or must not put it in an order of priority.

Heavy industry can develop stably only if it persists in serving agriculture and light industry; otherwise our economy will once again experience ups and downs. Our experience also shows that under this condition, even if our economy is able to develop for the time being, it will eventually drop again.

The direct demands of the needs of the people on heavy industry will increase along with the development of society. The demands for steel, electric and fuel power and the necessities of life such as refrigerators, washing machines,

cars and houses will also increase. While heavy industry is serving agriculture and light industry, it must also serve itself. Such self-service is necessary only under the condition that heavy industry serves the whole production aim.

In short, two points must be made clear in developing heavy industry: the development of heavy industry is decided by the purpose of socialist production; it is restricted to serving agriculture and light industry. These two points decide the significance of heavy industry.

Apparently, we will be able to realize the purpose of socialist production only if we are able to develop, first of all, agriculture, followed by light industry and heavy industry. Only if we first develop agriculture and light industry, will heavy industry also develop. But there has long been a view in our country that in order to enable agriculture and light industry to develop rapidly, it is imperative to give priority to a high development of heavy industry. This view is wrong theoretically and it cannot work in practice.

First, according to our present situation, great investments are needed to develop heavy industry and the construction cycle is relatively long. Ours is a populous country with a poor foundation and insufficient funds. Second, the situation of our agriculture and light industry has been very backward over the past years primarily because of the interference and sabotage of Lin Biao and the "gang of four." As a result, our heavy industry, light industry and agriculture have developed lop-sidedly. This situation has been highlighted by the continuing difficult life and short supplies of commodities which hamper the initiative of the laboring people and to some extent, spoil the prestige of socialism. Our heavy industry has developed quite considerably over the past few years to form a relatively complete industrial system. We must, on this basis, tap all potentials and carry out innovations and renovations to enable our heavy industry to play an even greater role. While we are carrying out economic readjustment, we must change the situation in which priority is given to heavy industry, followed by light industry and agriculture. If we are not able to do this, not only will agriculture and light industry be unable to develop but our heavy industry also will not be able to develop.

Theoretically speaking, those who suggest that we give priority to the rapid development of heavy industry do not completely understand the principle that in expanding reproduction, priority should be given to the growth of the production of the first category of material (means of production). Marx held that with regard to the proportionate relations of social production of two major categories of materials, people cannot arbitrarily give priority to the production of the means of production. The production of the means of production is conditional. That is to say, the production of the second major category of material (means of subsistence) must be developed to such an extent that the material is able to provide additional supply. If the second major category of material is not in a position to provide additional means of subsistence, it will not be able to exchange with the first major category of material (means of production). The means of production will

be kept in stock and its production will not develop. At the same time, the expansion of the reproduction of the first category of material, under the same labor productivity, needs additional labor forces. This means that the expansion of the reproduction of the means of production needs additional means of subsistence. Once these conditions are met, the increased part of the means of production can be used to rapidly develop the production of the means of subsistence. By doing this, the production of the means of production itself will also develop. However, there is a diametrically opposed view. It calls for giving priority to the development of heavy industry to step up the development of agriculture and light industry. Such a view is hardly tenable because according to this view, our heavy industry would be like water without a source or a tree without roots. Under a socialist system, heavy industry will serve the purpose of socialist production and the development of the national economy only if it persists in serving agriculture and light industry.

The above-mentioned analysis shows that once we really understand the purpose of socialist production and carry out this production according to the basic law of the socialist economics, we will be able to implement the party's principle of readjusting, restructuring, consolidating and improving the national economy, change the economic structure that is characterized by the lop-sided development of heavy industry, bring the national economy planning onto the path of developing agriculture, light industry and heavy industry in an orderly manner and insure a rapid and healthy development of our modernization construction.

[HK201522] VI. Article by Tian Fang [3944 2455]: "Study and Propagate the Basic Economic Law of Socialism in an All-round and Correct Way"

We have learned from the experiences gained in the building of the country in the past 30 years that to carry out well socialist modernization and construction, we must adhere to the objective economic law. Since the smashing of the "gang of four," particularly since the third plenum of the CCP Central Committee, our party has paid important attention to the study of the economic law of socialism. Economic theoretical circles and economic workers have on many occasions held group discussion meetings on the rules governing distribution according to work and the law of value. Many articles have been published on this. However, the study and propagation of the basic economic law of socialism in an all-round and correct way have not been sufficient. As we all know, the basic economic law of socialism reflects the most fundamental relationship of cause and effect in socialist economic pursuits, and is thus a law which plays the dominant role. Stalin said: The basic economic law of a society does not determine on what side or according to what process social production is developed; rather, it determines all the principal sides and processes on which social production is developed. Accordingly, it determines the very nature of social production. If there is any violation of the basic economic law of socialism, then the development of socialist production will miss its objective and lose its direction.

In order to study the overall balancing work of national economic planning, the Institute of Economic Research of the State Planning Commission convened

in July and September for two group discussion meetings on the problem of the basic economic law of socialism. Workers in economic theory, economic workers and news reporters and publishers from over 10 units were invited to the gatherings. In addition, several comrades were asked to write research articles on this. Judging from the present trend of developments, a big discussion on the basic economic law of socialism based on a summation of the experiences in socialist construction in our country will be held. This will be an important development and will be helpful to the readjustment of the national economy, the preparation of the national economic plan for next year and the year after next, to the renovation of the economic management system and to the development of socialist modernization and construction.

In the past 30 years, socialist economic construction in our country has reaped enormous results. A relatively integrated industrial system and national economic structure has been established. Compared with the preliberation period, the living conditions of our people have been greatly improved. A relatively solid and firm material foundation has been laid for the gigantic task of realizing the four modernizations, and a reliable vanguard position has been set up. However, the superior nature of the socialist system has not yet been fully demonstrated, the production potentials of industry and agriculture have not yet been fully displayed, the growth rate in production has not yet reached our anticipated speed, and improvement in the living conditions of the people has been moving at a comparatively slow pace. One important reason is that attention has not been paid to the function of the basic economic law of socialism and for a time and to a certain degree there exists the erroneous tendency of neglecting the nature of the production objective. At the same time we have neglected scientific technology and scientific management. In the actual practices in socialist construction, the reason why the basic economic law of socialism is not well adhered to is closely related to our failure to have a good understanding of this law and the insufficient study and propagation of it. After Stalin brought up the theory of the basic economic law of socialism in 1952, our economic circles held discussions on two occasions on the theory. The first discussions were to a large extent of a learning nature, because at that time we had very little experience on socialist construction. On the second occasion, few results were achieved, mostly because of political reasons and the failure to have an understanding of the experiences in economic construction. Subsequently, due to the interference and damages caused by Lin Biao and the "gang of four" and the prevalent practice of letting the will dictate, there was no possibility of any really serious study on any economic law and few people ever brought up the basic economic law of socialism. After the smashing of the "gang of four," little study was done in this connection and it was not at all penetrating. Actually, a small number of comrades even doubted the existence of a basic economic law. Also, there were some comrades who expressed the view that what Stalin had said was only the aim of socialist production and should not be taken as the basic economic law of socialism. It can be said that up to now our understanding of the basic economic law of socialism is still crowded with uncertainty and requires us to devote much energy to studying it conscientiously.

[HK201524] Discussions on the basic law of socialism include two separate tasks. First, we must study the basic economic law of socialism itself. That is, what is the basic economic law of socialism and what are its special features and requirements? At the moment, the majority of comrades are of the opinion that several decades of practical work in socialist economic construction have attested to the correctness of Stalin's exposition of the basic economic law of socialism. But there are still differences in the comprehension of Stalin's presentation, and these need further discussion. We have to study the aims of socialist production and also the method of achieving these aims. As to the aims of socialist production, is there only one aim or are there several aims? About the method to be employed, should we concern ourselves only with scientific technology or should scientific management be included? Moreover, what kind of relationship exists between aims and methods? There are variant views on these questions. Second, we must study how in actual practice the requirements of the basic economic law of socialism may be met. For example, in order to insure adherence to the basic economic law of socialism, what kind of national economic management system is required and what kind of national economic structure is needed? What should be the system and method of formulating the national economic plan? And what is the relationship between the basic economic laws and other economic laws and so on.

VII. Article by Wang Gengjin [3769 5087 0093]: "The Rule in Socialist Construction Is To Respect Agriculture as the Foundation"

Agriculture is the foundation of the national economy. In our country's economic construction work, an important guiding principle is that priority in production is to follow the order of agriculture first, light industry second and heavy industry third. This guiding principle has been stressed by the party Central Committee again and again. Yet, why in these many years has it not been carried out thoroughly? Why are there still serious maladjustments in the proportionate relationship in the national economy of our country? I think that aside from the interference and damages caused by Lin Biao and the "gang of four," the main reason is that we have not understood clearly the relationship between industry and agriculture, nor the relationship between economic construction and the people's livelihood.

Naturally, this does not mean that there is no need to speed up industrial development or that capital construction should be as small as possible. To think in this manner would be totally erroneous. The problem is that be it developing industry or undertaking any other enterprises, mankind must eat the same, there must be a supply of raw materials, and the markets need a definite supply of commodities. Devoid of these conditions, industry and capital construction will be like a tree without roots and water without a source, and development in a planned and proportionate basis would hardly be possible. This is an objective law which cannot be changed by human wishes.

This being the case, what exactly is our situation?

Let us examine first the growth in agricultural production and the conditions of the supply of grain, edible oils, cloth and other consumption goods in the past 21 years. In the years from 1957 to 1978, grain production averaged a yearly increase of 2.15 percent, cotton 1.3 percent, the three kinds of oils (peanut, sesame and rapeseed) 0.9 percent and sugar 3.5 percent, lower than the growth rate under the First Five-Year Plan. In these 21 years, the per capita supply of grain, vegetable oils and cotton cloth not only did not increase but also decreased. The reductions were as follows: grain 3.2 percent, vegetable oil 33.3 percent and cotton cloth 2 percent. These reduced supplies came about only after decreasing the supply to rural villages and importing grain, edible oils and cotton. Actually, 40 percent of the grain supply to the cities and towns was imported from abroad. In the rural villages, the per capita consumption of grain was reduced by 5.9 percent, edible oil by 43.2 percent and cotton cloth 5.7 percent. At present, agricultural production in our country still cannot meet the demand of residents in the rural and urban areas for the necessities of life such as food and clothing. The supply of industrial raw materials such as cotton and sugar is still not enough to satisfy the demand of the processing industries.

According to statistics, in 1978 the per capita income of members of people's communes in the rural villages was 73.9 yuan. Compared with 40.5 yuan in 1957, the increase was 82.5 percent (due to the rise in commodity prices, the real increase was actually small). The average monthly income per person was 6.16 yuan. This income was supposed to meet all the livelihood expenses, including those for food, clothing, housing, matrimonial and funeral services, and culture and education; hence it was a rather low level. In addition, there were some 30 percent of the basic computing units in which the per capita distribution of income was below 50 yuan, some only between 20-30 yuan. The great difficulties in livelihood can thus be imagined. The public accumulation funds and grain reserve funds of all the basic computing units of people's communes in the country totaled only 6 billion yuan, of which 7.5 billion yuan were under the heading of public accumulation funds. This averaged only 5 yuan per mu of cultivated land and only 25 yuan per labor unit. The ability to buy production materials and to enlarge reproduction was, therefore, very small. There was no possibility of buying large quantities of industrial goods for agricultural use. With the marketing capacity in the rural villages being so small, stock-piling of farm machines and other industrial goods for agricultural use was a natural consequence.

[HK201526] Unfortunately, such a situation has still not been realized by some people. They know only the conditions of those well-to-do people's communes which have fared well. Some of the communes enjoyed comparatively good living conditions and did well in production. For example, some communes turned out over 1,000 jin of grain per mu while their members received an average income-distribution of 200-300 yuan apiece, including receipts from commune enterprises and from other sources. But basic computing units of this kind make up a very small percentage. By no means do they represent the general level of the country as a whole.

Because we did not give various departments sufficient publicity on the conditions in the rural villages, the departments concerned should not be blamed for not taking into consideration the production and living conditions and the ability to bear burdens of the 800 million peasants in the rural villages of our country when the topics of increased investments and expanded construction were under deliberation. "After all, the wool still comes from the sheep's back," as the saying goes and when the state spends billions of yuan on capital construction every year, with increases from time to time, ultimately the burden falls on the laboring people among whom the peasants form a sizable portion. When the state lavishes too much of its capital accumulations on the industrial sectors, agriculture will inevitably be squeezed out. If agriculture grows slowly, then the foundation on the national economy is weakened. The supply of the necessities of life and of raw materials for industry will become insufficient. Eventually, the growth of industry will be retarded and industry itself will suffer dire consequences. This reasoning is simple enough but it is forgotten when making arrangements for production and construction. As a result, each department takes its own needs as the starting point, strives for this and that project, and strives for more and more investments. The capital construction line is dragged longer and longer and the rate of capital accumulation increases continually. The results are that agriculture is squeezed out, that the materials for daily living of the people can no longer be increased and that consumption is thus squeezed out, and that in the end the zeal for labor and production on the part of the peasants and people of other trades is badly affected. The main cause for all these ailments may be ascribed to the failure to carry out thoroughly the principle of taking agriculture as the foundation and arranging production in the order of agriculture first, light industry second and heavy industry third.

I am of the opinion that in readjusting the national economy, first of all the proportionate relationship between industry and agriculture must be readjusted. The development of agriculture must be speeded up, and the basic livelihood needs of the people must be satisfied gradually. For this reason, we must resolutely reduce those construction items of heavy industry by means of which heavy industry is only arming itself and spending for its own sake. We must cut short the capital construction frontline, reduce the ratio of capital accumulations and increase the ratio of consumption, make adequate arrangements for meeting the livelihood needs of the people, link together production development and the people's vital interests and raise the people's positivism for labor and production. Only in this way can the development of the national economy be speeded up and the four modernizations speedily accomplished.

[HK201528] VIII. Article by Liang Wensen [2733 2429 2733]: "Rate, Proportion and Final Products"

In the 28 years from 1950 to 1977 the value of our country's industrial outputs grew at an annual rate of 13.5 percent, which is higher than the U.S.'s 4.5 percent, West Germany's 6.9 percent and Japan's 12.5 percent. The value of our country's agricultural outputs grew at an annual rate of 4.2 percent, higher than the U.S.'s 1.9 percent, West Germany's 1.8 percent and Japan's 2.7 percent. Judging from these figures, the rate of development of our

country's industries and agriculture exceeded those of the major capitalist countries; they can be said to be high rates. However, the livelihood of our people improved very slowly and the people's level of consumption has been much lower than that of these countries. For instance, in recent years our country's average wage rate has fallen, and if factors such as the price rise of certain consumer goods and the lowering of product quality are taken into consideration, the decline in the workers' real wage rate is even more substantial. In 1977, the average per capita annual income of our country's peasants was only 60 to 70 yuan, and 25 percent of the commune members production teams had an income of less than 40 yuan.

Why is it that the rate of development of our country's production was very high but the people's livelihood improved very slowly or even worsened?

Different people in the economics circles view this question differently. Some attribute the cause to our country's large population and weak foundation. Some think that the rate of development of production was really not so high and that the calculations were incorrect. There are some who attribute the cause to the one-sided pursuit of development rate, the irrational planning of economic proportions and the violation of the aims of socialist production.

I think that there are many causes for high output but low consumption. Apart from the sabotage of the "gang of four," the few points mentioned above are objectively existing factors. However, the basic cause is that our economic planning has deviated from the fundamental economic law of socialism. It has failed to take the satisfaction of the people's livelihood needs as the aim for production.

We all know that objectively there exist internal relations between the proportions and the development rate for the national economy. The observance of proportions is the condition for a high development rate, while a high development rate is the consequence of observing proportions. Therefore, disregarding the proportions and arbitrarily pursuing certain subjectively preconceived high development rates will possibly not bring success; even if the growth rate of a certain sector or a certain category of products can be temporarily attained, the whole national economy cannot develop at a high rate. What is more, the planning of the proportions in the national economy is not appropriate. For example, "taking steel as the key link" means taking steel as the starting point in planning the production and capital construction of industries such as coal, petroleum, electric power and transportation as well as stressing iron and steel in isolation in drawing up the national economic plans. Therefore, even the displacement of agriculture and light industries is effected with no regrets whatsoever. This inevitably results in the anomaly of heavy industry being too extensive and light industry and agriculture being inadequately developed. This sort of production structure which stresses heavy industry and neglects light industry and agriculture means that large quantities of the means of production and the labor force are invested in heavy industry. When shown in the national income distribution pattern this means stressing accumulation, neglecting consumption and putting the people's livelihood in a secondary position. Such practices inevitably lead to the maladjustment of proportionate relations, so that in the end the development rate will not only fail to keep

on rising but will remain stagnant or even fall. Thus it can be seen that to take the development rate one-sidedly in working out plans actually means deviating from the aim of socialist production. This is the main reason why the rate of production appears outwardly very fast but the people's livelihood has not improved.

Since the aims of socialist production have not been clarified, production is not aimed at satisfying people's consumption needs, and production is carried out for its own sake. As a result, consumption disappears from sight, a high accumulation rate is considered the sole aim, the capital construction front becomes more extensive, construction items involve redundancy and waste and production is characterized by the desperate craving for a development rate while suppressing the importance of output value. Judging from the perspective of the entire society, the value of outputs has been inflated and the development rate has risen. In fact inferior products have been excessively stocked and remained unsold, having no use value, so that society's wealth is destroyed. Intermediary and useless products have been produced in large quantities but final products which may be consumed by the people are available only in small quantities. Therefore, I agree with Comrade Yu Guangyuan [0060 0342 6678] that we must establish socialism's economic goal, namely to increase the production of final products to the greatest extent within possible limits so as to satisfy the ever growing needs of society and the people in their material and cultural life. I think this is the most comprehensive and most important measuring stick for evaluating society's economic growth and is an important manifestation of the superiority of the socialist system.

[HK201530] If this is true, then what are the final products in the socialist economy? According to Comrade Yu Guangyuan they include the following: First, individuals' consumer goods, which are the most important component; second, things necessary for developing such social enterprises as education, science, culture and sanitation and health; third, things necessary for social administration and class struggle (mainly things for strengthening national defense) and, fourth, products for export. I do not agree completely with this view. Judging from the contents of the above-mentioned final products, they are classified on the basis of this meaning: namely they are social products which will not undergo any further processing within the bounds of the whole national economy in a certain time period (for example, a year). This can be said to be one concept of final products in the wide sense. However, many problems will arise concerning the aim and methodology if plans are drawn up according to this concept. So, I propose that final products should mean those products /directly/ satisfying the consumption need of individuals and the collective, and nothing else. My justification for adopting the concept of final products in the narrow sense are as follows.

#### 1. In Theory, This Is Perfectly Compatible With the Principles of Marxist Political Economy

Daily life consumption is the ultimate aim of all production including the production of the means of production and that of the means of subsistence. Especially in socialist production it is inappropriate and impossible to "produce for the sake of production itself." Daily life consumption is in

the final analysis consumption by individuals. Marxist political economics admits that the consumption of individuals determines the quantity and composition of production in general, and therefore determines the quantity and composition of the production of the means of production. Therefore, it is compatible with Marxism to call those products which directly satisfy the daily consumption needs of individuals and the collective final products.

## 2. In Methodology, It Makes Possible the Unification of the Starting Point for Working Out Plans With the Socialist Economic Aims

The concept of final products in the wide sense consists of four component parts. Apart from the first and second parts which directly satisfy the daily consumption needs of the individuals and the collective (here we must also correctly handle the proportionate relations between individuals daily consumption and that of the collective), the other two parts do not directly satisfy the needs of livelihood. For example, military goods for national defense are a special kind of consumption; although they are an absolute necessity, they cannot satisfy the daily consumption needs of individuals and the collective; if the scale of this sector is unduly expanded, then the social labor used for satisfying the people's livelihood consumption will decrease. Also it is not necessarily true to say the more administrative expenditures the better. To take another example, the situation of export products is also very complicated. A country's exports are invariably related to its imports, and the proportionate relations between the import and export of the means of subsistence and the means of production not only affect the two major divisions within the country and structural changes within them, but also affect the increase or decrease of the livelihood consumption of individuals and the collective. They also involve such complicated issues as the country's internal economic equilibrium and the international balance of payments relations.

It cannot be said that things necessary for administration, management and national defense fall within the scope of satisfying the people's livelihood consumption needs to the greatest possible extent. Export products involve the economic equilibrium relations between the country and the outside world; in many situations they do not directly satisfy the people's needs of livelihood. Consequently, in drawing up plan, it is difficult to take these two categories as the starting point for working out the plans. If the concept of final products in the narrow sense is adopted, then this difficulty can be avoided and the starting point for working out plans can be unified with the economic aims.

## 3. Effectively Using "Monism" to Replace "Pluralism"

The comrade adopting the above-mentioned concept of final products in the wide sense also pointed out that individuals' consumption goods are the most important part of the final products; it seems he wants to distinguish the nature of individuals' consumption goods from the nature of the third and fourth parts. However, since all these four parts constitute economic targets to be achieved, and they must all be satisfied to the greatest extent within possible limits, in reality this negates the distinction in the nature of the various parts. Actually the third part is different in

nature from the other parts, and the fourth part cannot be equated with the first and second parts. Now that these several parts are different in nature, their standing and functions in the economy are different, and it will inevitably fall into the trap of "pluralism." If the concept of final products in the narrow sense is adopted, and working out plans proceeds from the clear-cut and single perspective of directly satisfying the people's livelihood consumption needs to attain socialism's production aims, then it will the more be compatible with "monism."

[HK201532] IX. Article by Yang Shengming [2799 5110 2494]: "A Discourse on Consumption's 'Productive' Function"

It is a task of great practical significance to unfold discussions on the aim of socialist production, so as to clarify our economic aim and make it clear where the planning for production and construction proceeds from. Such discussion is very important to both the current readjusting of the national economy and the speeding up of achievement of the four modernizations. We must do it well.

To satisfy the material and cultural needs of the broad masses of working people is not only the final aim of socialist production but also the highest goal of the country's overall economic activities. Many comrades still express doubts about such an economic goal. They think that consumption is purely the using up of material resources, is negative and cannot constitute a goal; and besides, too much consumption will hinder the development of production and lower the rate of development. These comrades do not understand the dialectical relationship between production and consumption; in particular they do not understand the reaction of consumption on production. Therefore, it is necessary to talk about the "productive" function of consumption so that we may uphold our economic aim.

In the "Introduction to 'Critique on Political Economy'" Marx made a brilliant exposition on the dialectical relationship between production and consumption, explaining in depth the "productive" function of consumption. I think the following are the several aspects of the "productive" function of consumption as pointed out by Marx.

I. "Consumption creates the main body of production."/ It is wrong to regard consumption as merely the negative act of using up material resources. Marx said: "Consumption is direct production, just as in nature the consumption of elements and chemical substances is the production of plants. For example it is obvious that eating and drinking is one form of consumption. However, when a man eats and drinks, his own body will be produced." (Selected Works of Marx and Engels, Introduction to 'Critique of Political Economy,' Vol 2, p 93) The process of reproducing the labor force, labor is the main body of production, and the reproduction of the labor force is an important constituent of socialist reproduction. In this sense it can be said that without the laborers' consumption, production cannot exist. If consumption is inadequate, and the reproduction of the labor force contracts, then production cannot grow quickly and may even drop or regress.

/II. "Consumption produces the producers' quality."/ What is called "the producers' quality" here includes both the laborers skill and their enthusiasm and creativity. Consumption not only produces laborers but also their enthusiasm and creativity. The masses will enthusiastically carry out production well only if there is concern and good planning for the laborers' livelihood. In some places the laborers' enthusiasm is not high and they dawdle along. There are many causes, but a basic one is that they are too poor. Some localities do a lot of work for the people's livelihood. They have solved numerous problems of livelihood and eliminated the laborer's worries, so that the enthusiasm and creativity of the masses have greatly increased and the rapid development of production is greatly promoted.

Modernized large-scale production makes it necessary for the laborers to master modern science and technology. If they do not do this, production cannot be carried out and sometimes production may be damaged. In order to enable laborers to master modern science and technology, not only must there be consumption in the area of their livelihood, but there must be consumption in their scientific and cultural life. The laborers' ability to master modern science can only come about by opening schools, building enterprises concerned with science and training qualified personnel. Some countries have invested huge sums of money on culture, science and education. with the results that large numbers of qualified personnel [with] modern science and technology knowledge have emerged and the rapid growth of production has been promoted. One reason for our slow development in production is that we have a lack of qualified people in modern science and technology. In order to speed up the four modernizations, we must devote much attention to the working people's scientific and cultural life; the productive value of consumption in this aspect will far surpass any estimate or evaluation.

[HK201534] /III. "Consumption creates the force for production," and provides the object and aim for production./ What is the force of our production? It is needs--the livelihood needs of hundreds of millions of people, and the power of this force is unparalleled. There is only one goal for our production, and it is the satisfaction of the needs of the people's material and cultural life; there is no other goal. All that the people need is the object of our production. "If there are no needs, there would not be any production. Consumption reproduces needs." (Ibid, Vol 2, p 94). This is production ceaselessly propelled forward. If our production constantly persists in satisfying the needs of the people's livelihood, its prospects will be unlimited. It is consumption which provides the object, force and aim for the production of the means of livelihood. This point is not difficult to understand. However, people do not easily recognize that the object, motive and aim for the production of the means of production are also provided by consumption. The existence and development of the production of the means of production, in the final analysis, are due to the need for livelihood consumption. The people's livelihood needs means of subsistence, whose production again requires the production of the means of production to provide the means of labor and the subject of labor. This is the sole motivation for us to carry out the production of the means of production. Our heavy industries must serve agriculture and light industries, serve the livelihood of the people and take the needs of the people's livelihood as

its force and aim. In the past we learned serious lessons in this subject. Industries were basically self-serving. In 1978, only 3.6 percent of the pig iron and 15.5 percent of the steel produced were consumed by the agricultural sector and for the maintenance and repair of agricultural machinery. Only 1.1 percent of the pig iron and 11.7 percent of the steel were used for light industrial products market. Agriculture and light industries used only 11.5 percent and 12.9 percent respectively, of electrical output, whereas heavy industries used 53.6 percent. This shows that heavy industries have not yet been guided into the track of serving agriculture and light industries, and has not really taken the needs of the people's livelihood as its force and aim. So the task of readjusting the internal structure of heavy industries must inevitably be an urgent one.

/IV/ "Products attain their final consummation only during consumption, or in other words, consumption 'is the final act that enables products to be products.'"/ Marx said: "If a railroad has no train on it, is not subjected to wear and tear and is not consumed, then it is only a feasible railroad and not a realistic railroad." "Only when a dress is actually worn does it become a dress; if a house is uninhabited, then it cannot actually be a real house." (Ibid) Marx used these common everyday, easily understood examples to explain this profound principle: consumption is the act of "finally consummating" the production of a product. Some factories assume sole responsibility for the repairing, returning and changing of their products, and this indicates the "recognition of the "productive" function of consumption. However, other factories view the products leaving the factory and the workshop as the "final consummation" without any consideration for matters concerning consumption. The result is that the products leave the factory, enter the storehouses and remain stacked up, unable to perform any functions in real economic life. These products have not been consumed, that is, have not undergone the final act of production and cannot be called real products.

/V. Consumption will trigger again the entire social reproduction process./ Social reproduction is made up of four links: production, distribution, exchange and consumption. Here production appears as the starting point, consumption as the end point and distribution and exchange as the intermediate links. At the consumption stage, social reproduction has come to an end in one sense but has not in another. "Regarding consumption not only as the final act but also as the ultimate aim" "will conversely have a reaction on the starting point and trigger again the whole process." (Ibid, Vol 2, p 92) That is to say, production, distribution and exchange must be carried out again because of the necessity of consumption. Thus the cycle repeats itself indefinitely, and this is the history of development of social production. Consumption is always the force among all these.

To sum up, consumption is definitely not negative; it is positive. Consumption and production are unified and not mutually exclusive. Consumption not only will not hinder the development of production, but will actually hand promote it. It is a positive action to adopt the ceaseless raising of the consumption level of the hundreds of millions of laboring masses as our economic goal. This will definitely promote the flourishing development of all socialist construction enterprises.

## NATIONAL ECONOMIC POLICY

### 'GONGREN RIBAO' STRESSES HARD WORK TO MODERNIZE CHINA

0W010728 Beijing XINHUA in English 0702 GMT 1 Feb 80 OW

[Text] Beijing, February 1 (XINHUA)--Today's WORKERS' DAILY calls for continued hard work for China's modernization. A stop should be put to the present tendencies of waste and extravagance, it says.

Modernizing China is "a much harder and more complicated task than any revolution we have undertaken. It cannot be accomplished by sitting in an easy chair," says an article by the WORKERS' DAILY commentator.

Though China has taken big strides in developing the national economy in the past 30 years, it is still fairly backward economically and technologically, compared with the economically developed countries, the article notes.

As a socialist country, China must not try to get rich by plundering other nations, the article goes on. Being such a big and populous country, China cannot modernize by relying mainly on aid from other countries.

"In fact, in no country can the people become really prosperous without hard work," it stresses.

Therefore, it says, the principle of self-reliance and hard work must be upheld in economic construction. "Firm efforts must be made to cut down waste and extravagance and to raise significantly the level of production, technology and management."

Even when China becomes prosperous and powerful and when there is radical improvement in the people's living standards, it will still be necessary to maintain the revolutionary spirit of hard work, the article says.

At no time should anyone hanker for the corrupt and extravagant way of life of the bourgeoisie, which is incompatible with the fine qualities of the proletariat, it adds.

On the other hand, no one should be allowed to use the principle of hard struggle as a pretext for ignoring the well-being of the masses. "Down-to-earth efforts must be made to render more service to the people," it stresses.

NATIONAL ECONOMIC POLICY

INDUSTRIAL PRODUCERS TO EMPHASIZE AGRICULTURE IN 1980

OW091210 Beijing XINHUA in English 1200 GMT 9 Feb 80 OW

[Text] Beijing, February 9 (XINHUA)--China's industrial producers will lay stress on the needs of agriculture this year, a spokesman for the State Economic Commission said today in an interview with the WORKERS' DAILY. He said priority will be given to producing chemical fertilizers, insecticides, farm machinery, building materials for rural use and providing technical services for farmers.

The State Economic Commission is the government department responsible for China's industrial production.

He said priority will also be given to developing light and textile industries to meet the growing demand for consumer goods and textiles in China's domestic market and the developing export trade. Greater efforts will be made to cut down energy consumption, he said.

Coal mining will also get extra attention this year, said the spokesman. Tunnelling in deep mines and the removal of overburden at open-cast sites will be improved to keep pace with coal cutting. Oil prospecting, and the development of China's power industry will be priority concerns.

The spokesman said the machine industry will be urged to develop new industrial machines and to increase technical services like maintenance and advice. This year is the second year of China's economic readjustment, the spokesman noted. In order to ensure a continuous and steady growth of industry and transport, China must work harder, practice economies and improve management and technology.

CSO: 4020

## ECONOMIC PLANNING

### GREATER ENTERPRISE AUTONOMY YIELDS MORE PROFIT

Shanghai JIEFANG RIBAO in Chinese 7 Jan 80 p 1

[Report: "Good Results in Shanghai's Pilot Program for Greater Enterprise Autonomy"]

[Text] According to initial statistics by the departments concerned, in 1979, those 106 industrial units under the pilot program for greater enterprise autonomy in Shanghai increased their output value and profits by 10.8 percent and 14.7 percent respectively over 1978. This represented a growth rate surpassing that of all other industrial units unaffected by this pilot program.

The 106 factories were granted greater enterprise autonomy on a trial basis last September. Since then, cadres and workers there have been encouraged to work harder than ever.

Since the program was put into effect, they have made great efforts to strengthen and improve production management, economic accounting, quality control, and rewarding and penalty systems. They have organized production on the basis of the market needs, directly linked economic responsibility with economic efficiency and economic interests, and developed production in a way that takes into account the interests of the state, enterprises and individual workers and places the interests of the state above all else. Most of these experimental units have produced remarkable results in production after being granted greater enterprise autonomy. During the first 9 months of 1979 before the pilot program for greater enterprise autonomy was put into effect, the 21 experimental factories under the Light Industrial Bureau increased their output value and profits by 15.5 percent and 17.3 percent respectively over the corresponding period of 1978; during the fourth quarter of 1979 after the program was put into effect, their output value and profits rose by 28.4 percent and 41.4 percent respectively. During the first 9 months of 1979, the 12 experimental factories under the Electric Machinery Bureau increased their output value by 9.4 percent and decreased their profits by 1.2 percent as compared with the corresponding period of 1978 because they organized production ahead of schedule and their customers' payments fell behind schedule; during the fourth quarter, their output value dropped sharply because inadequate orders forced them to operate at less than full capacity. But they increased their profits by 1.3 percent as a result of their efforts to improve their economic efficiency.

## ECONOMIC PLANNING

### BRIEFS

**GUANGZHOU EMPLOYMENT OPPORTUNITIES**--Guangzhou Municipality increased the number of job opportunities and settled some 161,800 youth awaiting employment in the urban areas last year. Seventy percent of the municipality's people awaiting employment settled last year were given jobs in various collective undertakings. The departments concerned also vigorously developed compensation trade, processing work for customers and tourism and settled some 6,200 youth awaiting employment. [Guangzhou City Service in Cantonese 0430 GMT 23 Jan 80 HK]

**ZHEJIANG WAGE READJUSTMENT CONFERENCE**--The Zhejiang Provincial People's Government held a wage readjustment work conference in Hangzhou from 4 to 12 January. The meeting announced that work will begin soon to increase the wages of a portion of the workers and staff members in the province. Li Fengping, secretary of the provincial party committee and governor of Zhejiang, and Zhai Xiwu and Li Kechang, Standing Committee members of the provincial party committee and vice governors of the province, spoke at the conference. This will be another round of wage increases for a portion of the workers and staff members since the downfall of the "gang of four." The conference stressed the need to do good ideological work among the workers and staff members to help them understand that the state at present can only raise the wages of a portion of them because of limited financial resources. The conference stressed that workers and staff members should be rated for raises on the basis of attitude, skill and contribution. [OW181455 Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 17 Jan 80 OW]

**HUBEI EMPLOYMENT**--In 1979, 360,000 persons who were awaiting employment in Hubei had found jobs. This includes 277,000 persons in the cities and towns and 85,000 educated young people who had settled in the countryside. From the provincial CCP committee to the party committees of the various prefectures, municipalities and counties, the principal leaders have personally grasped this task and solved the problems that appeared in the course of finding jobs for the unemployed. In 1979, 40,000 laborers were sent back to the countryside. In accordance with their needs, the enterprises recruited 20,000 persons from the cities and towns. The prefectures, municipalities and counties have set up and expanded a number of collective enterprises and mobilized the enterprises owned by the whole people to help and support the enterprises owned by the collectives. [HK020641 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 27 Jan 80 HK]

**HENAN EMPLOYMENT FORUM**--The Henan Planning Committee and the Henan labor office recently held a forum in Kaifeng Municipality on settling the young people who are awaiting employment. The Henan Provincial CCP Committee and the Henan People's Government entrusted the Henan Planning Committee and the Henan labor office to hold the forum with the participation of 30 persons including the chairmen of the planning committees and directors of the labor bureaus from eight municipalities. The participants revealed that 184,000 young people found jobs in 1979. They pointed out that the tasks of finding jobs for young people in 1980 are very difficult. Therefore, it is necessary to begin early in the year without losing the opportune moment. [HK060835 Zhengzhou Henan Provincial Service in Mandarin 1130 GMT 30 Jan 80 HK]

**FUJIAN PERSONNEL DIRECTORS CONFERENCE**--The Fujian Provincial People's Government held a conference of the personnel bureau directors throughout Fujian from 26 January to 4 February to discuss tasks of personnel work in 1980. The participants pointed out that the structure of the cadre ranks is very unsuitable for the four modernizations and should be transformed step by step. It is necessary to gradually reduce the number of administrative cadres, augment and strengthen the professional cadres in agriculture, industry, finance and trade, political and legal and education and scientific research departments. The personnel departments must strengthen investigation and study. It is also necessary to continue to man the collective ownership units with a definite number of state cadres and technicians. It was pointed out at the conference that it is necessary to strengthen the construction of personnel departments. The personnel comrades must continuously enhance the level of ideology and policy oppose the incorrect style of trying to establish relationships and taking the back door. Li Zhengting, secretary of the Fujian Provincial CCP Committee, gave a speech, pointing out the importance of personnel work. [Fuzhou Fujian Provincial Service in Mandarin 1035 GMT 7 Feb 80 HK]

**HUNAN MATERIAL SUPPLIES**--The material supply departments in Changsha, Hengyang, Zhuzhou, Xiangtan and Shaoyang municipalities and Yueyang Prefecture, under the unified plans of the Hunan Material Supply Bureau, selected 424 enterprises to give them priority in the supply of metal in accordance with plans. This has laid the essential conditions for these enterprises to speed up production in 1980. The metal departments in these municipalities and prefectures took the lead to go to the factories and investigate, study and provide mobile services. [HK120947 Changsha Hunan Provincial Service in Mandarin 2315 GMT 2 Feb 80 HK]

**GUANGZHOU ECONOMIC CIRCULAR**--The Guangzhou Municipal Economic Committee issued an urgent circular on doing a good job of industry and communications production during the spring festival. The circular demanded that it is necessary to grasp every minute and second before and after the spring festival so as to do well in production. The industry and communications enterprises' production which are required must not stop production during the spring festival holiday, make preparations for production before the festival and insure production safety. The passenger and cargo transport units including the ferries should make thorough investigations and study the flow of passengers and cargoes, adopt effective measures to properly

transport the overseas Chinese and the compatriots from Hong Kong and Macao and insure a smooth flow of traffic in the municipality as well as the crash transport of key materials. The material receiving warehouses must persist in the 24-hour system of receiving and distributing material during the spring festival. [Guangzhou City Service in Mandarin 0430 GMT 4 Feb 80 HK]

JILIN PILOT ENTERPRISE--The Jilin Provincial Revolutionary Committee recently issued a circular regarding the expansion of decision-making power of financial and trade enterprises, deciding to increase the number of pilot enterprises from 16 last year to 100 this year. The provincial revolutionary committee has outlined a set of regulations in this regard: 1) expand the planning and administrative authority of enterprises; 2) grant enterprises the authority to adjust the prices of certain flexibility; 3) expand enterprises' administrative authority over financial affairs; 4) expand enterprises' authority over personnel administration. [Changchun Jilin Provincial Service in Mandarin 2200 GMT 4 Feb 80 SK]

HAINAN INDUSTRY, COMMUNICATIONS CONFERENCE--The Hainan Han area held a conference in Haikou from 2 to 9 February on planning, industry, communications, imports and exports. The conference analyzed the situation, summed up experiences and called on Hainan's cadres and masses to work hard to develop the region's economy. Comrade Wei Nanjin, second secretary of the Hainan Regional CCP Committee, spoke and Comrade (Dou Yingjun), deputy secretary of the Hainan Regional CCP Committee, made a summation report. Xiao Huanhui, (Liang Cheng), (Zhao Guangju), Yu Guang, (Huang Baitain), (Chen Yan), (Yu Xinli), (Lin Lie) and other leading comrades also attended the conference. Also present were some 150 people including responsible comrades of all county CCP committees in the Han area who are in charge of economic work, directors of all county planning and economic committees and foreign trade bureaus as well as leaders and planning staff of all regional departments, committees, offices and bureaus. At the conference, Comrade (Yu Lixin) conveyed the spirit of the Guangdong conference on planning, industry, communications, imports and exports. (Hu Jimin), vice chairman of the Hainan Regional Planning Committee; (Wang Jianmin), chairman of the Hainan Regional Economic Committee; (Yin Zhongfu), vice chairman of the Hainan Regional Foreign Economic Committee, and (Wang Xizhi), director of the Hainan Regional Labor Bureau, respectively spoke on planning, industry and communications, foreign trade and labor wages. [Haikou Hainan Island Service in Mandarin 0330 GMT 14 Feb 80 HK]

SHAANXI SALARY CONFERENCE--From 16 to 25 January the Shaanxi Labor Bureau held a conference in Xian on readjusting the wages of the staff and workers. Toward the end of the conference, responsible comrades of the Shaanxi Provincial CCP Committee and the provincial people's government attended the conference. It was pointed out at the conference that the readjustment of wages and upgrading of the staff and workers have demonstrated concern of the party Central Committee and the State Council. The leadership at all levels must pay serious attention to this work and strictly follow the proper stipulations. He Chenghua, Standing Committee member of the Shaanxi Provincial CCP Committee and vice provincial governor, gave a speech. He pointed out the current readjustment of wages must be based on enhancing the level of the management of enterprises as must the level of science and technology and the movement to increase production and practice economy. [sentence as printed]. [HK020634 Xian Shaanxi Provincial Service in Mandarin 1100 GMT 28 Jan 80 HK]

## GENERAL ECONOMIC INFORMATION

### ILLEGAL FOREIGN EXCHANGE TRANSACTIONS FORBIDDEN

Hong Kong TA KUNG PAO in Chinese 20 Dec 79 p 1

[Telephone correspondence report by staff reporter Tong Jiashi [0781 7468 2514] from Guangzhou dated 19 Dec: "Xi Zhongxun [5045 0112 0534] Clearly Indicates to Hong Kong and Macao Members of the Chinese People's Political Consultative Conference: Guangdong and Guangzhou Shall Strictly Forbid Circulation of Foreign Currencies and Adopt Measures To Forbid Illegal Transaction; Yang Shangkun [2799 1424 2492] Welcomes Exposures of the Small Number of Personnel in Foreign Affairs Work Who Demand Gifts and Therefore Virtually Take Bribes in a Devious Form"]

[Text] First Secretary of the Guangdong Provincial Committee of the Chinese Communist Party of China and concurrently Chairman of the Provincial Revolutionary Committee Xi Zhongxun, when answering the questions asked by Hong Kong and Macao members of the Chinese People's Political Consultative Conference on the 19th, indicated that authorities of the Guangdong Province and Guangzhou Municipality were soon to adopt measures to restrain the Guangzhou municipal market from using Hong Kong dollars at random and from sanctioning illegal transactions.

Second Secretary of the Provincial Party Committee and concurrently Chairman of the Municipal Revolutionary Committee Yang Shangkun also indicated that foreign currencies must be put under strict control, and it would be absolutely necessary not to allow foreign currencies to be circulated at random in the Guangzhou market. Foreign currencies in the possession of foreign guests and tourists could only be used at appointed places.

During the meetings of the Provincial People's Congress and People's Political Consultative Conference, Hong Kong and Macao representatives and members criticized the situation in which foreign currencies were used at random in the Guangzhou municipal market. Thus leading cadres of the province made such clear answers in response.

In the afternoon of the 10th, Xi Zhongxun and Yang Shangkun, in the company of another secretary of the Provincial Party Committee, Ying Linping [1438 2651 1627], and Minister Zhang Boxuan [1728 3124 3123] of the United Front

Department held a discussion session together with the Hong Kong and Macao members of the People's Political Consultative Conference in order to listen to relevant opinions about problems such as the realization of the Four Modernizations, the establishment of special districts, and the rectification of public security work. Yang Shangkun welcomed the members and Hong Kong and Macao brethren to expose the small number of personnel in foreign affairs work who have demanded gifts and therefore accepted bribes in a devious form.

Hong Kong and Macao members of the People's Political Consultative Conference Ye Rolin [5509 5387 2651], Guo Zhengfu [6753 1794 3940], Zheng Gong [6774 7255], Tao Kaiyu [7118 7030 5940], Huang Peiqiu [1920 0160 3808], Liu Jiaqi [0491 1367 4388], Zhang Xuekong [1728 1331 1313], Hu Dizhou [5170 2769 0719], Jiang Hong [3068 3126], Sun Yuhou [1327 5038 0186] and Huang Zhufen [7806 4371 5358] expressed certain opinions and also made certain proposals respectively on problems such as the establishment of special districts, foreign trade, tourism, and social habits and youth education in the Guangzhou municipal area. The members said all that they wished to say and also sharply criticized certain problems.

Vice President Ye Rolin of the General Chinese Association of Commerce of Hong Kong later indicated that, during this discussion session, everybody expressed his opinion on the one hand, and heard things that had never been heard before in the Guangdong Province-Hong Kong-Macao region on the other hand; this, according to him, illustrated that the state trusted and relied on the members. For this reason, everybody felt good about this and deeply sensed how bright the future was going to be. They therefore were determined to make their own contributions toward the great construction work of Guangdong Province.

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## GENERAL ECONOMIC INFORMATION

### ZHEJIANG VICE GOVERNOR DISCUSSES ECONOMIC CONSTRUCTION

OW171943 Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 17 Feb 80 OW

[Talk by Li Kechang, Standing Committee member of the Zhejiang Provincial CCP Committee and provincial vice governor: "Go All Out, Aim High and Strive To Fulfill or Overfulfill This Year's National Economic Plan"--recorded; date not given]

[Excerpts] Staff and worker comrades on Zhejiang's industrial and communications front:

The four modernizations are, in essence, economic construction. At the start of the new decade the situation on our industrial and communications front is very good. We have laid a foundation for our economy to triumphantly advance. In the 3 years since the smashing of the "gang of four," fundamental changes have taken place in our party, in our leading bodies and in our ideological line. Since last year, under the guidance of the spirit of the third plenary session of the party Central Committee, the vast numbers of cadres, workers and technical personnel on the provincial industrial and communications front have earnestly implemented the policy of readjusting, reforming, consolidating and improving the national economy and have extensively launched the campaign to increase production and practice economy. They have scored great achievements in these respects. Compared with 1978, Zhejiang's total industrial output value registered a 17.8 percent increase. Its light and textile industry, in particular, has grown rapidly. The qualities of many products have become markedly better, varieties have increased and raw material and other consumptions decreased.

Since the beginning of 1980, industrial production continues to grow at a rate unseen in years. Total industrial output value for January rose 40.1 percent over the same period of 1979, a record for Zhejiang. All this shows that the line, principles and policies adopted by the party Central Committee headed by Comrade Hua Guofeng are correct.

This is the second year of economic readjustment. Our work this year will have a vital bearing on the success of the first battle in the four modernizations. Our industrial and communications front must uphold the party leadership, strengthen and foster the political situation of stability and unity and carry forward the pioneer spirit of plain living and hard struggle. We must continue to implement the policy of readjusting, reforming, consolidating and improving the national economy, strive to increase production and practice economy and explore ways to promote production in order to achieve an 8 percent or higher industrial growth rate this year.

GENERAL ECONOMIC INFORMATION

'GONGREN RIBAO' CARRIES LETTERS ON CRITICISM, WORK IMPROVEMENT

OW080722 Beijing XINHUA in English 0700 GMT 8 Feb 80 OW

["People's Criticism Helps Improve Work"--XINHUA headline]

[Text] Beijing, February 8 (XINHUA)—Acceptance of criticism and improvement of work is the theme of several readers' letters that appeared in today's WORKERS' DAILY.

A letter from workers at the Zhengzhou diesel engine plant expresses their gratitude for criticism raised by a reader in a letter published last December. The plant staff have since changed their "arrogant" attitude to customers and simplified their procedure for taking orders, says today's letter. They also dispatched 130 technicians to 37 counties to help peasants repair farm machinery.

Staff at a Jiangxi supply and marketing cooperative wrote to the paper thanking it for help solving their problem in handling badly-packed fertilizers. The cooperative wrote to the paper last December complaining of poor-quality packing done by the Jiujiang Chemical Fertilizer Plant. Readers from all parts of the country then sent letters to the Jiujiang plant offering details of their own experience in packing fertilizer.

One factory offered to supply it with suitable bags--and the problem was solved.

A letter from staff at Zhengzhou Railway Station said they have improved their service after seeing a criticism by Honan Coal Mining Bureau published in the paper on January 21.

An accident had occurred in a mine and the bureau wanted to rush an injured minor to Loyang hospital, but nearly missed the train because of the indifferent attitude of the ticket seller at the station.

Zhengzhou station called several meetings to educate its staff and set up a special ticket office, manned by leading personnel to deal with people's difficulties.

GENERAL ECONOMIC INFORMATION

LAX ENTERPRISE MANAGEMENT BLAMED FOR FREQUENT THEFTS

Shanghai JIEFANG RIBAO [LIBERATION DAILY] in Chinese 9 Dec 79 p 2

[Letters to the editor by readers Shi Qingliu [2457 5464 2692] and Shen Qing [3947 7230]

[Text] Editor's note: The situation reflected in these two letters from readers gives one a fright as soon as one casts a glance at it. To some of our enterprises, large quantities of materials and goods being stolen seems to be entirely unimportant. This situation must be changed forthwith. Apart from the public safety departments and units which should mete out serious punishments to the criminal elements, even more important is that the various enterprises must enforce their control over their materials and goods in a down-to-earth manner and establish a strict accountability system for this purpose. Those who cause a loss of state property because of lax control should be declared derelict of their duties, the responsibility for which must be traced to the departments and personnel concerned. As for those who connive from inside with others from the outside for the sake of stealing state property, they must, after their case is clearly investigated, be subject to the discipline of the law.

Dear Comrade Editor:

Industrial raw materials stored at not a few factories and enterprises in our municipality, such as nonferrous metals, steel and iron have been burglarized. The situation is very serious, and the loss is shocking. This situation reveals that there exist many loopholes and problems in the control and protection work of certain units in respect to their enterprises.

1. Nobody looks after the "highway warehouses." Some units have been leaving large quantities of precious materials and goods piled up on highways,

thus giving the thieves a free hand. Medical Instruments Plant No 2, for instance, left piles of industrial raw materials such as iron ingots by the roadside, and then 22 tons of these iron ingots were stolen in May this year. When public safety personnel went there to investigate, individual leaders of Medical Instruments Plant No 2 even nonchalantly declared: "What can this amount to? It's very cheap." The Prismatic Instruments Plant of Shanghai likewise left piles of stainless steel by the roadside without anybody to look after them; last year a bundle of stainless steel wire was stolen which cost more than 2,000 yuan. Yet, that plant failed to absorb the lesson and this year 650 kilograms of stainless steel were again stolen in April which cost more than 7,000 yuan.

2. There are warehouses, but no personnel to look after them. There was no personnel, for instance, to look after the warehouses of the Instruments and Meters Plant and the Long-distance Worker-Peasant-Soldier Shipyard of Shanghai, and the security work there was lax. Hence, in March and April this year, 700 kilograms of copper ingots and copper ballbearings worth more than 6,900 yuan were stolen in succession.

3. Security police shift work assignments remain nominal. Sentries at the Jiaotong Road Warehouse of the State Supplies Bureau, for example, did not seriously check the incoming and outgoing personnel and vehicles there; hence more than 1,200 kilograms of aluminum ingots and copper ingots have been stolen during the past period. According to the criminals' testimony in the case, they entered the warehouse more than 10 different times, and every time they did so by the front entrance. They even openly dragged the loads out by trailers and bicycles without anybody noticing or questioning them. Even more shocking has been the fact that, after such supplies were burglarized, nobody made any immediate report or conducted any investigation, while efforts were made only to balance accounts by listing them as "reasonable consumption."

4. Management methods were confused; incoming and outgoing amounts were not recorded, quantities in storage were not enumerated and involved, and accounts were messy. The High-Class Steel Mill No 5 has been called "Storekeeper the 5th" by criminals; the steel and iron supplies stolen from this mill in the past few years are countless. Public safety personnel have repeatedly contacted them to try to look into the matter, but personnel of the mill concerned emphasized that the mill was too big and beyond control, so no positive measures were taken.

The fact that large amounts of supplies have been stolen of course constitutes a great loss to the state; yet some of our units do not seem to feel concerned. On this, we request your newspaper office to publish our letter, written especially to you in the hope that the attention of the relevant authorities may be alerted and they may be thereby prompted to adopt some effective measures to stop the loopholes, protect state properties and allow no opportunities of this kind to be seized by the criminals in the future.

Reader Shi Qingliu

Dear Comrade Editor:

In August and September this year, more than 5,600 kilograms of aluminum ingots piled at the open-field warehouses of the aluminum dust processing plant of the Bus Station Production Brigade, Yexie Commune and the aluminum dust processing plant of the Red and Loyal Production Brigade, Heavenly Horse Commune, in Shongjiang Country in our municipality were stolen, and they were priced at more than 21,000 yuan. After the case was successfully investigated by public safety organs, it was revealed that these aluminum ingots were stolen by a burglar by the name of Jie and others who happened to be criminals at large from Songjiang County in northern Jiangsu. Throughout the year they always rode around in a "Hatted (Covered) Junk" known as their home, using scavenging as their cover and thus committing such crimes everywhere along their wandering routes. After they stole the aluminum ingots this time, they hid them by sinking them to the bottom of the river; then they returned to Xinhua County in northern Jiangsu to try to sell them to a director of the Industrial Office of Zhoufeng Commune by the name of Wang and a purchasing officer by the name of Liu. Wang and Liu jointly reported the matter to the responsible person of the party committee at the commune and secured his consent; thereafter, they hired a 10-ton transport barge from the commune warehouse-depot and sent it to Shanghai to fetch the goods on 27 August. When these goods were being loaded, Wang and others, although knowing that the origin of the aluminum ingots had to be questionable, asked no questions. In one load, they took on 3,140 kilograms of aluminum ingots, 2,600 kilograms of steel strips and 5,000 kilograms of iron ingots, and paid 7,700 yuan in cash for them. After these goods were transported to northern Jiangsu, the commune gave them to a metals processing plant and a cement processing plant belonging respectively to two production brigades within the jurisdiction to be used as raw materials. Today, nine criminals, including the one by the name of Jie, have already been arrested according to law.

It is our opinion that the fact that some communes and production brigades have "collected stolen goods" without restriction and without questioning their origin may also be an important reason why large quantities of state property were stolen in the first place. Our commune and production brigade enterprises must not become "stolen goods collecting criminals," indeed!

Reader Shen Qing

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## GENERAL ECONOMIC INFORMATION

### BRIEFS

**BEIJING JANUARY INDUSTRIAL OUTPUT**--According to the preliminary statistics of departments concerned, Beijing Municipality fulfilled the quota for the total value of industrial output for January which was worth 1.851 billion yuan, 18.7 percent more than last January. The value of light and textile industrial output was 30.5 percent greater than last January. The profit submitted to the upper level by 15 industry bureaus and local enterprises with ownership by the whole people was 183 million yuan, 56.3 percent more than last January. The municipality's labor productivity increased by 12.4 percent. [Beijing City Service in Mandarin 2300 GMT 7 Feb 80 HK]

**ZHEJIANG INDUSTRIAL OUTPUT**--In 1979 Zhejiang Province's industrial output value reached a total of 14.9 billion yuan. This represents a 17.8 percent increase over 1978 and a 91 percent increase over the 1976 figure of 7.6 billion yuan. During the period between January and November of 1979 the province's industrial production cost dropped by 2.24 percent and profits rose by 14.3 percent as compared with the same 1978 period. Light and textile industries registered the fastest rate of growth of 15.7 percent. The light industry alone turned out 1,090 new products with 3,480 new varieties and 8,580 new patterns. In the first 11 months of 1979 the industries in Zhejiang saved a total of 524,000 tons of coal and 253 million kwh of electricity. [OW111351 Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 9 Jan 80 OW]

**SHANGHAI INDUSTRIAL OUTPUT**--Shanghai, 14 Feb--Shanghai's total industrial output value in January this year reached 5,059 million yuan, a 15.5 percent increase over that of January, 1979. Increases were registered in the output of 62 of 81 products listed in the state plans, and in the turnover of goods at Shanghai harbour and in inland water transport. Last month also saw a marked reduction in energy consumption with 11.5 percent drop in producing goods worth every 100 million yuan in value. The increases were attributed to improved production planning and efforts to increase production and practice economy. [OW140807 Beijing XINHUA in English 0300 GMT 14 Feb 80 OW]

**JIANGXI INDUSTRY**--In January 1980, the total value of industrial output in Jiangxi increased by 24.9 percent over the corresponding period of 1979 and by 1.8 percent over December 1979. The output of light industry over the corresponding period of January and December 1979 increased by 48.2 percent and 10.2 percent respectively. The output of synthetic ammonia in January increased by 78 percent over the corresponding period of 1979. [HK221145 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 10 Feb 80 HK]

HUBEI INDUSTRY AND COMMUNICATIONS--Hubei industrial and communication production scored good results in January and set new records. The value of output in January increased by 42.2 percent compared with the same period last year. Production of 58 of the 80 main industrial products increased. In particular, in light and textile industry, the growth rate reached 47.5 percent, which was 10.8 percent higher than the increase in heavy industry. Output of 18 heavy industrial products increased by 45 percent, and television sets and radios increased by 100 percent. Main support-agricultural products also showed great increases. Generated energy in January increased by 217 million kwh over January 1979, an increase of 29.8 percent. The reasons for successful industrial production in January were: 1) all departments concerned did well in linking planning regulation with market regulation; 2) They have strengthened investigation into the markets and organized production according to demands; 3) they have actively cleared the circulation channels and provided more opportunities for production; 4) the industrial management departments had already made arrangements for the production in the first quarter of this year. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 8 Feb 80 HK]

HUNAN INDUSTRY AND COMMUNICATIONS--Hunan's total industrial production value in January fulfilled 7.3 percent of the annual plan, showing an increase of 16.5 percent compared with the same period last year. The main characteristics of Hunan's industrial production in January were: 1) the value of output of light and textile industry increased by 26 percent compared with the same month last year and was higher than that of heavy industry by 10.2 percent; 2) coal mines overfulfilled the month's plan; 3) the province produced 250,000 tons of nitrogenous fertilizer, an increase of 66 percent compared with the same period last year, and 330,000 tons of cement, an increase of 20 percent; 4) industrial output per kwh increased by 18 percent compared with the same period last year. [Changsha Hunan Provincial Service in Mandarin 1100 GMT 8 Feb 80 HK]

SHANGHAI UNEMPLOYED YOUTHS--The task of assigning jobs to youths awaiting employment has been smoothly carried out in suburban Shanghai. According to statistics from the departments concerned, over 60,000 youths have been assigned to proper jobs in the suburban counties of Shanghai since last year through such measures as substituting retiring workers with young workers, recruiting young workers through examinations, and founding collectively owned enterprises of various types. On reporting to their jobs many youths pledged to redouble their efforts in mastering their professions so as to make greater contributions to the four modernizations. [Shanghai City Service in Mandarin 2300 GMT 12 Feb 80 OW]

ZHEJIANG EMPLOYMENT PROBLEM--According to (Meng Qinglin), director of the Zheliang Provincial Labor Bureau, jobs were found for 340,000 educated youths in Zhejiang Province in 1979. By the end of 1979, the number of job seekers in the province was 250,000. This number will be increased by another 100,000 high school students who are graduating this year. The province has a program to provide jobs for 200,000 young people in 1980 by expanding job opportunities. [Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 16 Feb 80 OW]

**BELJING INDUSTRIAL PRODUCTION RISING**--Beijing, 6 Feb--Beijing's January industrial output went up by 18.7 percent in value compared with the first month of last year. It was 11.3 percent over December 1979 output. Light industrial output jumped 30.5 percent over January 1979. Production rose for 43 kinds of light industrial goods: television sets rose 4.2-fold, radios, sewing machines, wrist watches and leather shoes jumped anywhere from 21 to 88 percent. [Text] [Beijing XINHUA in English 0705 GMT 6 Feb 80 OW]

**FUJIAN TRADE UNION FEDERATION PLENUM**--The second plenum of the Sixth Fujian Federation of Trade Unions was held in Fuzhou from 20 to 26 January. The plenum called on the participants to launch the labor emulation movement on increasing production and practicing economy and make active contributions to speeding up the Four Modernizations. The trade unions at all levels were told to be good assistants of the party and good representatives of the staff and workers and to uphold the interests of the staff and workers. Wu Hongxiang, secretary of the Fujian Provincial CCP Committee, attended and gave a speech. Mao Chaowen, chairman of the Fujian Federation of Trade Unions, made a work report. Wu Hongxiang demanded that the trade unions actively give play to their role, organize the workers to tap potentials and conduct technical innovations and further launch the movement to increase production and practice economy. [Fuzhou Fujian Provincial Service in Mandarin 1035 GMT 27 Jan 80 HK]

**JIANGXI SALARY FORUM**--The Jiangxi people's government held a forum in Nanchang on readjusting the wages and upgrading the staff and workers from 17 to 23 January. The participants pointed out that the current readjustment of wages and upgrading fully embodies the sincere concern of the party and government for the staff and workers. The upgrading of the outstanding staff and workers truly embodies the socialist principle of distribution to each according to his work. The standing committee of the Provincial CCP Committee held a meeting to listen to the reports of the forum. Fu Yutian, secretary of the Provincial CCP Committee and vice provincial governor, made a summation toward the end of the forum. Also present were Wang Shixian, Xu Qin, Zhang Guozhen, Fang Qian and Liang Haixuan, vice governors. [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 27 Jan 80 HK]

**JILIN TELEPHONE CONFERENCE**--The Jilin Provincial Revolutionary Committee held a provincial telephone conference on the evening of 6 February in regard to achieving safety in production. Zong Xiyun, vice chairman of the Jilin Provincial Revolutionary Committee attended and spoke at the conference. To meet the needs of production safety, the conference put forward six demands as follows: 1) Resolutely follow the principle in which personnel in charge of production must be in charge of production safety; 2) extensively and deeply conduct education and disseminate information regarding production safety work; 3) make special efforts to grasp well the work of production safety among the major enterprises, particularly in the enterprises of coal, forestry, construction and metallurgy; 4) strengthen the work of supervising and checking production safety; 5) strengthen the work of investigating and dealing with accidents; and 6) grasp production safety work well during the spring festival period. [Changchun Jilin Provincial Service in Mandarin 2200 GMT 7 Feb 80 SK]

CSO: 4006

## FINANCE AND BANKING

### BRIEFS

**SHAANXI OVERDRAFTS, DEBTS NOTICE**--The Shaanxi Provincial CCP Committee and the provincial people's government issued an urgent notice on 31 January, demanding that the various areas further firmly grasp the recovery of overdrafts in the countryside so as to attain the goal of distributions. The party committees and government at all levels, the state organs and the enterprises must settle the debts they owe the production teams. The commune members must try to settle the overdrafts which they owe the collective economy. [Xian Shaanxi Provincial Service in Mandarin 1100 GMT 2 Feb 80 HK]

**HUNAN LIVING STANDARDS IMPROVE**--The party and government in Hunan made great efforts to improve people's living standards last year. According to statistics, during the year the province provided jobs for about 270,000 persons in the towns awaiting employment. The average worker income in the province during the year was 630 yuan, 41 yuan more than in 1978. During November and December, the state issued nonstaple foodstuff subsidies totaling 9.36 million yuan to workers of state-owned industrial enterprises at and above prefectural and county level. The province respectively spent 6.4 million yuan and 6.87 million on capital construction for higher education and ordinary education during the year. The number of hospital beds was increased by 4,000. In addition five work sanatoria were reopened or expanded, requiring a total investment of 1.1 million yuan. The state provided investment for building one theater and seven cinemas. In addition 10 cultural palaces and clubs were constructed, expanded or improved. [HK200911 Changsha Hunan Provincial Service in Mandarin 2315 GMT 18 Jan 80 HK]

**HUNAN ECONOMIC PROCURATORATES**--The procuratorial organs at all levels in Hunan have set up economic procuratorial organs and have initially launched economic procuratorial work. In the part, the economic procuratorial departments at all levels throughout Hunan investigated violations of law in the economic sphere and dealt blows at a number of criminals. [Changsha Hunan Provincial Service in Mandarin 2315 GMT 1 Feb 80 HK]

**HENAN RURAL SAVINGS**--In 1979, savings in the countryside in Henan increased by 33 percent over 1978. During the same year, savings increased by 100 yuan over 1978. Rural areas whose savings exceeded 10 million yuan include Lin, Jiyuan, the suburbs of Zhengzhou, Yanshi, Lingbao, Anyang and Gong counties. [HKO90653 Zhengzhou Henan Provincial Service in Mandarin 1130 GMT 31 Jan 80 HK]

**JIANGXI BONUS PROHIBITION CIRCULAR**--On 28 January the Jiangxi People's Government issued an urgent circular which strictly prohibits the payment of yearend bonuses during the spring festival. The circular pointed out that some areas and enterprises still unscrupulously pay yearend bonuses in violation of the state's stipulations. Some have even exceeded the standard in paying bonuses without caring for the results of the business. Due to the unscrupulous payment of all kinds of bonuses, the national economy has been unfavorably affected. In accordance with the spirit of the urgent circular of the State Council on the prohibition of paying yearend bonuses during the spring festival, the people's government at all levels must criticize and educate the units and individuals who have violated financial and economic discipline and impose the necessary disciplinary penalties on serious violations. The provincial people's government must be informed of the actions taken by the end of February. The finance departments and banks at all levels must conduct strict supervision. The people's government at all levels must support the finance departments and banks to implement their duties. [HK090130 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 31 Jan 80 HK]

**JIANGSU RURAL DEPOSITS**--Nanjing, 8 Feb--The Jiangsu provincial branch of the Chinese Agriculture Bank has done a good job in managing funds and speeding up capital turnover. As of the end of 1979, the total deposits in the rural areas throughout the province amounted to 2.46 billion yuan, or 790 million yuan more than 1978; agricultural loans provided by banks and credit cooperatives totaled 1.4 billion yuan, an increase of more than 300 million yuan over the previous year, and loans repaid amounted to 1.35 billion yuan, accounting for 96 percent of the total outlay, an increase of 9.8 percent over the previous year. [Beijing XINHUA Domestic Service in Chinese 0110 GMT 8 Feb 80 OW]

**JIANGSU FINANCIAL SUPERVISION**--At the conference on financial supervision in prefectures and municipalities in Jiangsu, which closed on 5 February, a responsible comrade of the Jiangsu Provincial CCP Committee's Discipline Inspection Commission stressed that financial supervision was a very important part of discipline inspection and that prevention and education should be the chief concerns in supervising financial affairs. He noted some serious violations of financial discipline and urged all discipline inspection departments to closely cooperate and provide information for one another in resolutely exposing and struggling against the lawbreakers. [Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 8 Feb 80 OW]

**HUNAN OVERSEAS REMITTANCES**--In 1979, income from the overseas remittances reached the highest level since liberation. Income from nontrading overseas remittances increased by 77 percent over 1978. Income from remittances of overseas Chinese increased by 81 percent over 1978, while income from exchange of foreign currencies increased by 69 percent over 1978. [HK260220 Changsha Hunan Provincial Service in Mandarin 2315 GMT 12 Feb 80 HK]

GUANGDONG RURAL SAVINGS DEPOSITS--Guangdong's rural savings deposits have increased sharply. By the end of January, the rural personal savings deposited at all credit cooperatives in Guangdong had reached some 995 million yuan. When calculated upon the total agrarian population in the province, each person has now deposited an average of 21 yuan in the credit cooperatives. [HK260255 Guangzhou Guangdong Provincial Service in Mandarin 1130 GMT 18 Feb 80 HK]

SHANDONG FINANCIAL-TRADE CONFERENCE--The Shandong Provincial People's Government held a provincial work conference on finance and trade from 3 to 10 February with the participation of directors of the financial and trade offices in various standing committees of the provincial, prefectoral and municipal CCP committees, as well as responsible persons from the provincial level financial and trade departments. Xu Leijian, deputy governor of the Shandong Provincial People's Government, spoke at the conference. The conference put forward demands that the financial and trade work of our province in 1980 should follow principle of actively and properly readjusting and changing the plans and measures incompatible with the development of production, and the principle of assisting the development of production so as to enliven the economy across urban and rural areas, and to promote commerce at home and abroad. The conference also urged the financial and trade units across the province to fulfill or overfulfill their work assignments this year. [SK250712 Jinan Shandong Provincial Service in Mandarin 2300 GMT 13 Feb 80 SK]

CSO: 4006

## FUELS AND POWER

### DISCOVERY OF RENQIU OILFIELD IN CENTRAL HEBEI

Beijing KEXUE SHIYAN [SCIENTIFIC EXPERIMENT] in Chinese Aug 79 pp 24-27

[Article by Yang Jieting [2799 2638 0080]: "Open Up the Entrance to the Treasurehouse in the Ancient Buried Mountain Oilfield"]

[Text] In 1975, our country made a major petrogeological exploration breakthrough in the central region of Hebei Province--a new type of oilfield was discovered in the ancient buried mountains of Renqiu [0117 6726].

The ancient crypto-mountain oilfield in Renqiu is at once the first large carbonatite oilfield ever discovered in our country and the thickest oil reservoir rock formation among all the oilfields already discovered in our country. It is also a high yield oilfield with the greatest single-well daily production. In the first year of development, a number of wells were drilled, and the average daily production per well was over 1,000 tons. The single-well daily production rate of highly productive wells reached approximately 3,000 tons, which was equivalent to the daily production of 100 wells in Daqing's sandstone oilfield. With five such highly productive wells, it is possible to satisfy the crude oil needs of the Beijing Dongfanghong [2639 2455 4767] Refinery.

Following the discovery of the ancient crypto-mountain oilfield in Renqiu, many other ancient crypto-mountain oilfields were found in the plains of north China over the past few years. But what are ancient crypto-mountain oilfields?

The so-called "ancient crypto-mountains" are, in fact, ancient mountains buried beneath the surface of the earth. If a large volume of petroleum is deposited in the ancient buried mountains, an "ancient crypto-mountain oilfield" is formed. Survey results show that there is a belt of undulating ancient mountains with ridges and peaks buried beneath the surface. Through exploratory drilling in the numerous ancient subterranean mountains of north China, quite a few ancient crypto-mountain oilfields have been found in Renqiu.

Why do clusters of buried mountains exist beneath the terrestrial surface? To explain this, we must look into the multitudinous changes that have taken place in the earth crust of north China.

### The North China Sea in the Sinian Period

About 1.8 billion to 6 million years ago, which, in geological history, is known as the Sinian Period in the Porterozoic era, most areas in our country, including north China, were submerged in the vast expanse of sea water.

Like everything else in nature, the earth crust is also constantly moving and changing. The forms of crustal movement consist of horizontal and vertical movements. In the Sinian Period, the crustal movement in north China was manifested by the slow but steady sinking of the sea bottom.

While the sea bed was in the process of sinking for some 1 billion years, approximately 10,000 odd meters of rock deposits chiefly composed of dolomite and limestone filled up the sea basin. Composed of such chemical compositions as magnesite and calcium carbonate, dolomite and limestone can be found under the general name of carbonate rocks in petrographic classification.

### North China Old Land in the Paleozoic Era

The sinking of the sea bottom in north China lasted until the Ordovician Period of the Paleozoic Era. By the late Ordovician Period, which was about 450 million years ago, the regional uplift movement of the earth crust caused north China to undergo tremendous changes which "transformed seas into mulberry fields, and mulberry fields into seas." In the course of several tens of millions of years, the sea bed slowly ascended, the sea water gradually receded, and, finally, a vast expanse of desolated and flat ancient land appeared in north China. In geology, it is called epeirogenic movement.

Following its emergence, the old land of north China underwent about 200 million years of wind erosion and leaching in the Paleozoic Era. During this process, it also experienced a relatively short period of marine transgression, which was followed by regression and the re-emergence of land. About 230 million years ago, north China's geological history entered the Mesozoic Era.

### The Mountainous Region of North China in the Mesozoic Era

In the Mesozoic Era, the crustal movement in north China was accompanied by magmatic activity in the depths of the earth crust, which intensified the crustal movement to an unprecedented degree. In the course of the movement, there were frequent volcanic eruptions, while the strata underwent folding, upwarping and rifting, causing the flatland in north China to turn into rolling hills with lake basins in between the mountains. Thus, the "ancient flatland" of north China changed into a different geographic scenery composed of "plateaus and mountains."

Traces and evidence of the Mesozoic crustal folding movement can be found in the Yanshan Mountain Range which still stretches across the northern edge of the North China Plain to this very day. In the international geological circles, the [preceding] Mesozoic crustal movement is described as the "Yanshan Movement Period."

## Archipelago in the Water Region of North China During the Early Tertiary Period

When geological history entered the Early Tertiary Period of the Cenozoic Era, which was 30-80 million years ago, the crustal movement in north China became even more acute than ever, and it was characterized by crustal disintegration brought about by fault activities during the widespread sinking of the earth crust.

Fault blocks are numerous crustal blocks formed by early or newly generated regmagogenesis. All the blocks are part of an overall crustal sinking movement; owing to their heterogeneity (heterogeneity of composition, structure and morphology) and differences in excitation conditions (stress caused by crustal movement, and the characteristics of regmatic distribution), various forms of block activities occurred: some blocks sank to the deep reaches of the earth crust, some sank to a relatively shallow depth; and some blocks descended at one end while relatively ascending at the other.

During this movement which lasted for several tens of millions of years, the earth crust of the entire Bohai Gulf Region in north China was disintegrated by the regmagogenesis, and became a series of depression areas. Some depressions were as deep as 7,000 to 10,000 meters. The moving depressions were drowned by the continuous waves of marine transgressions, causing broad areas located south of Yanshan Mountain, north of Taishan Mountain, east of Taihangshan Mountain and west of the Liaodong Peninsula to become a vast expanse of water with widespread large and small islands formed from the numerous blocks which had relatively ascended or descended to a shallow level in the movement.

The overwhelming majority of islands in the north China water region were made up of carbonate rocks of the Sinian System, Cambrian System and Ordovician System. Through the long geological period extending hundreds of millions of years, the rocks underwent numerous changes caused by the crustal movement, and were frequently exposed to continuous wind and rain erosion which caused the rocks to dissolve long ago; and numerous tectonic fissures and dissolution holes formed inside and outside the rocks. Besides, during the early Tertiary Period, when the climate in the subtropical zone was warm and wet, tens of millions of years of wind erosion and water dissolution carved the rocks into all sorts of strange shapes with numerous cracks and holes.

The large and small internal and external fissures and holes which crisscrossed the islands were linked to each other and thus formed many huge "depositories" that could hold large quantities of petroleum.

Now that there were oil "depositories," where did the oil come from?

The "Cenozoic Oil and Palaeozoic Deposits" of the Ancient Crypto-mountain Oilfields

According to research results based on drilling data of palaeontological fossils of the early Tertiary Period of the Cenozoic Era, the climate in north China then was warm and wet, just like the type of climate in Jiangsu-Zhejiang region today. It was suitable for all sorts of living organisms which multiplied into large numbers. Such aquatic microorganisms as algae and plankton, in particular, rapidly multiplied into large populations, which indicates that there was a luxuriant growth of organic matter both on land and in the water.

Based on the current theory on the organogenic formation of petroleum, it is confirmed that living matter, especially microbes, became the chief source material of petroleum formation.

As the geological history of north China developed into the early Tertiary Period of the Cenozoic Era, excellent material conditions for the formation and collection of petroleum were created. But in oil formation, there was also need to organically combine these conditions through the crustal movement. To illustrate this, let us examine the case of Renqiu and see how the ancient crypto-mountain oilfield was formed.

In the Central Hebei Lake Basin, located in the northern part of north China's water region, there was a beautiful island composed of four carbonatite mountains--Renqiu Island. The northwestern slopes of the four mountains constituted a towering fault cliff, which shows that in the course of the torsion fault movement, half of the mountains had fallen deep into the lake bottom.

Although the lake water was still, the earth crust in north China was still sinking. As north China's earth crust was descending, Renqiu Island also underwent gradual changes and sinking at the same time. It disappeared from the water surface, and continued to sink downwards.

While Renqiu Island was sinking, a continuous supply of land and mud and sand with large quantities of organic substances as well as water containing multitudes of living organisms were carried off by mountain flood water and river currents into the lake and deposited at the bottom of the lake. Through tens of millions of years of accumulation, the sediment gradually covered up the subsurface mountains, and Renqiu Island became the Renqiu Ancient Crypto-mountain.

In the course of sedimentation, the mud and sand were compressed into mudstone and sandstone; the sedimentary layers were formed in the early Tertiary Period and are known as the Tertiary System. Under the impact of such conditions as pressure caused by the overlaying strata, the relatively high temperature caused by the great burial depths, as well as lack of oxygen, the mudstone layer in the Lower Tertiary System underwent complex chemical and physical changes, and gradually transformed into petroleum (according to the modern theory of oil formation, the source rocks were buried at the depths of 1-6 kilometers, where the temperature was 65-200 degrees Centigrade, which helped to transform organic substances into petroleum).

Owing to the great depth of the lake bottom surrounding the ancient crypto-mountains of Renqiu, and the very thick layers of sediment, immense volumes of oil have been formed here. Under the tremendous impact created by the pressure of thousands of meters of overlying strata, the fluid-state petroleum was forced to migrate towards low pressure areas and collected in empty cavities. As the great fault on the western flank of the Renqiu ancient crypto-mountain is right against the source rocks, the petroleum gradually seeped upwards along the fault surface and penetrated into rock fissures and holes. Some petroleum also migrated upwards along the contact plane between the ancient buried hills and the surrounding rock strata, and entered the cracks and holes.

The fissures and cavities in the old buried mountains were originally filled with water. As oil is lighter than water, drops of oil were lifted to the surface. Pushing the water downwards, the oil eventually replaced all of the water and filled up the entire space in the cracks and holes.

This was how the petroleum gradually migrated for 20 to 30 million years, and finally filled up the four huge natural reservoirs measuring hundreds of meters in height over the top portions of the old crypto-mountains in Renqiu, which formed into an ancient crypto-mountain oilfield.

Having fulfilled their role as source beds which the oil was squeezed out, the mudstones around the ancient crypto-mountains eventually became the oilfield's overlying strata composed of fine grains impervious to gas, which sealed up the ancient crypto-mountains and allowed no oil to escape.

This was how within the span of several tens of millions of years the oil produced from the Lower Tertiary System strata of the Cenozoic Era migrated to the Palaeozoic and Sinian strata, thus giving birth to the ancient crypto-mountain oilfield with "Cenozoic oil and Palaeozoic Deposits."

#### New Broad Territory Opened Up for Oil Exploration

A wonderful creation of nature, the ancient crypto-mountain oilfields in such places as Renqiu have been buried deep beneath the surface of the North China Plain for tens of millions of years. Since man came into existence on the surface of the earth crust, no one has ever discovered or touched them; they have been sleeping peacefully underground for millions of years. Today, our country's petroleum geologists and heroic oil workers have finally opened up the entrance to the treasurehouse, and revealed the secrets of the ancient crypto-mountain oilfields, which is another major breakthrough in our country's oil exploration since the discovery of the Daqing Oilfield.

Daqing, Shengli, Dagang and other oilfields throughout our country were all found in land facies sandstone of the Mesozoic and Cenozoic groups. But the crypto-mountain oilfields found in Renqiu, etc. have opened up a new and even broader territory in the Palaeozoic and Sinian sea facies carbonite strata for our country's oil exploration. Thus, the future holds bright prospects for "building more than ten Daqings."

## FUELS AND POWER

### OVERVIEW OF PETROLEUM PRODUCTION AT DAQING

Paris LE MONDE in French 13 Dec 79 p 8

[Article by Alain Jacob: "Exploitation of Daqing Petroleum at the Hour of 'Profit' and 'Profit-Taking'"]

[Text] Daqing--Nearly half of China's oil--some 50 million tons out of a total of 104 million in 1978--comes out of this little piece of wind-beaten tundra barely 500 km from the Soviet border. Officials in charge of exploiting Daqing's petroleum, still very discreet less than a year ago, no longer try to hide this figure--significantly higher than foreign estimates which predicted Daqing would produce a little more than a third of the national production. Those who know the place occupied by oil in Chinese development projects--not only as an energy product for internal consumption, but also as a source of currency to export for purchase of foreign equipment--can measure the importance of a field opened some 20 years ago about which it is hoped currently above all to "keep it going."

Mr Lu Kexia, director of external relations for the field, is very precise on this point. He admits that in the course of recent years the search for augmentation of production--rapid, and at any price--perhaps led to "mild excesses." This is in any case no longer the goal today, Daqing's main task being to maintain during the 10 years to come the current level of production.

How? First of all by continuing the extraction from existing wells at a moderate pace, following the same techniques presently in operation, and which consist only in injecting water into the ground to increase the pressure of the underground oil-bearing pools. Next, by sinking new wells, in light of research in progress on the periphery of the present zone--which extends 55 km from north to south and about 15 km in width--some of them capable of becoming producers in the next two or three years. The total surface area of the stratum already known is 1,300 sq km. If the estimate of reserves remains confidential, it is allowed to become known that the latest discoveries require revaluing them upwards by 25 percent. Currently the greatest efforts are concentrated on exploration of these supplementary resources.

### Cruising Speed

In other respects, Daqing is operating practically at cruising speed. Eighty percent of production is sent off via pipeline, to the port of Dalian (from where it is sent on to Japan) or that of Qinhuangdao (directly east of Beijing on the Gulf of Bohai) for redistribution to the centers for internal consumption, also using tank cars. This system of distribution is deemed adequate for now, and there are no plans to increase its capacity.

The industrial development projects are prudent. The refinery built at the beginning of the sixties is treating presently 5 million tons of crude and is to handle 8 million tons at some future date. Half of its production, approximately, consists of gas-oil and gasoline of diverse qualities (of which close to 500,000 tons is aviation fuel), the remainder and the residues being sent to a petrochemical installation which already includes synthetic fiber manufacturing, and a fertilizer factory, next to which will be located an ethylene factory and a workshop for fabrication of lubricating oil.

Apparently no other projects are under consideration, the present plan being to put existing installations in order. At Daqing as elsewhere there are in fact management problems, all the more serious since the oil field, employing some 120,000 people, makes up the largest industrial unit in the entire people's republic. The search for better work productivity has been visibly translated into radical reorganizations: in one year, the number of workers employed at the fertilizer plant has been reduced from 1,520 to 315. We are not talking about lay-offs, but of a new division of manpower using more for auxiliary tasks, for example, management.

In brief, Daqing is trying to modernize, and we are waiting on this occasion for a veritable transformation of the personality of the enterprise. To understand it, one must have in one's mind's eye what for 20 years the "model" of Daqing was seen to offer Chinese industry and the principles it was supposed to illustrate. First of all, to "count on its own forces": the first installations were put in place with such meager means that the pioneers were obliged to pull ropes by hand to transport material. The extreme frugality of the conditions of work and existence was also aggravated by a Siberian climate where the temperature descends to -40°C in winter and a swampy environment which even in summer requires the face to be wrapped in gauze to protect against mosquitos.

### A Museum For the "Man of Iron"

The lesson that one would draw from the Daqing experiment was somewhat the same as that which was proposed starting with the example of the Dazhai brigade--the agricultural "model"--clinging to the dusty mountains of Shensi: what men have succeeded in doing in conditions this harsh, other men can do anywhere else in China, if they show the same courage and abnegation.

The rehabilitation of notions of "profit," "recapture of investment," and "productivity has caused a part of this lesson to have lost its point. Like Dazhai, Daqing has examined its conscience, and while this did not result in self-criticism, it nonetheless brought with it some notable changes in orientation. Equipment has been purchased abroad for the most recent installations at the petrochemical complex. The utilization of ordinateurs [translation unknown] of management is scheduled for 1981. Finally, and perhaps most important, there is finally at least some serious concern for the conditions of life of the half-million people, including families, who live at this icy and desert spot at the end of the world. Large housing projects have been built this year which are destined to replace, gradually, the brick huts or the brick one-story dormitories, with earthen floors worn and warmed by the oily mire in which almost all the population still lives.

This transformation, this modernization, is hardly begun. Most of the new buildings are not yet occupied, and the beautiful new Icarus automobiles, of Hungarian manufacture, cruise the roads harnessed to horses, donkeys, and oxen. It is the same on the psychological level, where the transitions come slower still perhaps. Not only a museum commemorates forever the great deeds of the "man of iron," Wang Qinxi, who was the moving spirit of the first workyards, whose old work garments are religiously preserved in glass cases, and who is shown in photographs studying Mao Zedong's works in the open air; but also a spirit of struggle and economy continues to be maintained in a way which somewhat reflects the pragmatic and modernistic discourses heard in Beijing.

#### The Women's Place

In this forbidding countryside, punctuated across the kilometers by small white and blue cubes which shelter the well-heads, with a vast network of pipelines underground, "agricultural stations" were installed which make a considerable contribution to the feeding of the population and where no one shows any intention of being relegated to memory. Women play an essential role, almost an exclusive one, and all propaganda apart, they seem to find a certain satisfaction in it. First of all, naturally, because it is due to the existence of this kind of "station" that they are not considered useless mouths to feed and can live close to their husbands who work with the oil. Next, because, according to one of them, the women find it rather reassuring to demonstrate thus that they can change themselves from "consumers" to "producers" and take their proper part in affairs.

It is in this region that the traditions of the heroic age survive in their most vivid forms. We have even visited a workshop where burned-out electric light-bulbs are repaired. Delicate work, where the glass is pierced at the stalk and the filament replaced with the help of surgical pincers--but for whom is it worth the effort, one asks: the "restoration" of one bulb comes to .10 yuan, the object repaired sells for .20 yuan, new it is worth .45.

All this is being calculated constantly, and it is one of the reasons why one still talks of Daqing as a model for the future, that of a vast

agglomeration of industry where unity between the city and the countryside will have been achieved. A vision of the future, and one which can as yet be glimpsed only dimly in outline, and with plenty of imagination in the midst of what still resembles a pioneer camp where conditions of life are still most austere and rudimentary.

But are people still coming today to live at Daqing? They are lacking, it seems, technicians, the team being constantly required to send its most qualified personnel to the new oil fields opening elsewhere in China, south of Beijing for example or off-shore, along the coasts of Guandong. In total, however, the numbers are maintained—with a little "persuasion"—and young people are trained on the job to relieve the old workers. Beyond mild advantages in salary, after all, Daqing presents an advantage over other work sites in the people's republic: if you marry, nobody will object if your spouse comes to live with you.

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CSO: 4200

## FUELS AND POWER

### OIL DISCOVERED IN NORTHERN JIANGSU, COAL IN ANHUI

Hong Kong TA KUNG PAO in Chinese 26 Dec 79 p 1

[CHINA NEWS AGENCY Beijing dispatch dated the 25th: "High-yield Wells Dug in Qinzhou, Gaoyu and Qintong: Oil Is discovered in the Northern Jiangsu Plain; New Results Have Been Continually Achieved Along With Exploration and Development Work; In Anhui, Too, Large Coal Fields Have Been Discovered, With Deposits Amounting to 2,200,000,000 Tons"]

[Text] After a long period of exploration and general investigation, the oil and geological workers of our country have discovered oil in the northern Jiangsu region. Recently, the oil exploration commanding headquarters in Jiangsu chanced to have a high-yield industrial oil well dug in the Qintong area while trying to construct sink-in huts there. Around the same time, industrial oil wells have also been dug in the Taizhou and Gaoyu region. This served to verify and expand future oil exploration operations in the northern Jiangsu region as a whole.

The prospects of these northern Jiangsu oil deposits have long attracted the attention of geological workers. Since liberation, geological workers have conducted comprehensive and general investigations in respect to geology and earth physics in the northern Jiangsu region, including drilling and exploration. And they have confirmed that the northern Jiangsu plain was once a drainage basin of the Eocene and Oligocene periods. As such, it is therefore susceptible to the formation of oil deposits and storing of oil deposits, and also to the formation of oil fields and natural gas fields. In 1970, the various geological departments and units conducted a joint exploration campaign in this region and they, in rapid succession, succeeded in discovering high-yield, self-erupting oil and natural gas currents in Xinhua, Jiangdu and Jinhu, as well as Tai County. At present, general investigation of oil and oil exploration work and oil exploration and development work are proceeding side by side in the northern Jiangsu region, and are continuing to achieve good results in exploration and development.

In the western part of Fengtai County and the eastern part of Yingchang County in Anhui, another big coal field has been explored and verified--the Zhangjiao Coal Field. Information from such exploration and verification suggests

that it has a surface area of 97 square kilometers, 12 layers of extractable coal deposits, and a total estimated deposit of some 2.2 billion tons of coal which is capable of providing extraction work to three pairs of extra-large wells with an annual yield of 4 million tons for more than 80 years. The quality of the coal extracted here is also very good; it is all of the low-phosphorous, low-sulfur, medium-to-high-lime, rich-coke kind of gaseous coal useful for coking, chemical engineering and power generation.

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CSO: 4006

## FUELS AND POWER

### BRIEFS

**SHAANXI SPRING FESTIVAL POWER SUPPLY**--The electricity system in Shaanxi has made proper arrangements for the supply of electricity during the spring festival. At present, the drought situation is comparatively more important and supply of electricity is more pressing. Use of electricity during the spring festival will increase. The Shaanxi electricity system demanded that the staff and workers firmly remain at their work posts and generate more electricity safely. [HK150708 Xian Shaanxi Provincial Service in Mandarin 1100 GMT 2 Feb 80 HK]

**PLA ENERGY CONSERVATION CONFERENCE**--The Shenyang PLA units recently held an energy conservation telephone conference to sum up experiences gained in energy conservation month activities and to map out new tasks. Jiang Yonghui, deputy commander of the Shenyang PLA units, stressed that the units should understand the importance of energy conservation, strengthen scientific management of energy and control the consumption of coal, electricity and oil with economic methods. The CCP committee of the units urged the commanders and fighters of the units to save more energy to contribute to the four modernizations in the new year. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 4 Feb 80 SK]

**ZHEJIANG SOLAR ENERGY USAGE**--Hangzhou, Feb 18--Solar energy is being used in Zhejiang Province for heating water, refrigeration and other purposes. More than 20 cities and counties use heating devices equipped with light-absorbing installations to produce hot water for baths, restaurants and barber shops. The largest such installation was introduced by Zhejiang University in Hangzhou and has 90 square metres of light absorbing panels. It is able to warm ten tons of water every day up to anywhere between 45 to 60 degrees centigrade. A special commission was set up last year to coordinate the efforts to make use of solar energy which has good prospects as the province has more than 2,000 hours of sunshine per year. The province has also developed silicon cells which convert solar energy into electricity to power transistor radios, automatic precipitation measuring devices and black-light lamps. A pleasure-boat equipped with such cells, the first of its kind ever produced in China, completed its trials recently on the picturesque West Lake. It is able to cruise at six kilometres per hour for three hours in a stretch, when the sun at its strongest is shining on the light-absorbing panels in a fine day. Solar energy is used in a cotton textile plant in Ningbo City to produce cold drinks and ice-sticks for its workers in summer. [Beijing XINHUA in English 0157 GMT 18 Feb 80 OW]

SHANGHAI POWER GENERATORS--Shanghai, 7 Feb--The Shanghai First Machine and Electrical Equipment Bureau recently decided that beginning this year all 125,000-kw turbo generators manufactured in Shanghai must be equipped with a high pressure heater, enabling the generator to produce more electricity. In the past 10 years, Shanghai has provided 43 sets of 125,000-kw turbo generators to Guangdong, Henan, Shaanxi, Jiangsu, Zhejiang, Anhui and Shandong provinces as well as Tianjin municipality. In the past 3 years, such a device has been fitted on 19 sets of these generators, increasing the annual generating capacity by approximately 2 billion kwh's or the total electricity generated by 3 sets of such generators in a year. At the same time, 19 million yuan worth of fuel can be saved a year. [0W112207 Beijing Xinhua Domestic Service in Chinese 0254 GMT 7 Feb 80 OW]

CSO: 4006

## MINERAL RESOURCES

### OFFSHORE PETROLEUM PROSPECTING BUREAU FULFILLS YEARLY TASKS AHEAD OF TIME

Tianjin TIANJIN RIBAO in Chinese 30 Dec 79 p 1

[Text] Actively Implement the Policy of Adjustment  
Profoundly Launch Increasing Production and Conserva-  
tion; Bureau of Offshore Petroleum Prospecting Com-  
pletely Fulfills This Year's Task

The Bureau of Offshore Petroleum Prospecting actively implements the Chinese Communist Party Central Committee's economic adjustment policy and completes production and basic construction plans ahead of schedule in all aspects and over fulfills all goals. The length of offshore seismographic lines this year increased by 76% over that of last year. The depth of wells increased by 25% over that of last year. After the plan for trial recovery of petroleum was over fulfilled by 46 days this year, planned production was surpassed on December 27, four days ahead of time. The percentage of completion of basic construction reached 73.9%, the best completion rate achieved in many years. Staff workers and family members actively engaged in agricultural sideline production at the Junliangcheng Base and obtained a food and grain harvest of over 2.2 million jin this year.

Petroleum prospecting in Bohai began in 1973 when the first drilling rig built by our own nation began operation. Since then, other drilling rigs and equipment have been imported from abroad one after another, and wells were drilled for prospecting. At the time, progress was slow because of interference from Lin Biao and the "gang of four." After crushing Lin Biao and the "gang of four", activity became lively. This year, five drilling rigs have already conducted prospecting over a dozen or more tectonic belts and discoveries were made over several tectonic belts and industrial oil flow was obtained. At the same time, an agreement of cooperation was signed with British and French oil companies to prospect for oil in the south of the Yellow Sea. With the massive support from Shandong, Jiangsu and Shanghai, geophysical exploration has already been launched, and the first year's cooperative agreement was completed and its goals overfulfilled.

Since last year, the entire bureau profoundly launched the mass movement to increase production and conservation and to learn from Daqing in industry. Each policy was implemented by further strengthening ideological and political work. The work in economic accounting and technical training was launched, two general inspections of the work post responsibility system was conducted, and the standard of business administration was further elevated. The entire bureau conserved about 15.5 million yuan a year. Staff workers who over fulfilled the plans were given cash rewards each month. The iron man drilling team, team 32190, is active and managed well. It spent a year drilling directional inclined wells and a total of 16,764.7 meters in depth was drilled, surpassing the depth drilled by ordinary drilling teams by nearly onefold, and this year, the average cash reward received by each member of that team surpassed the rewards given to any other member of other teams.

9296

CSO: 4006

MINERAL RESOURCES

BRIEFS

ZHEJIANG DOLOMITE MINE--Beijing, 5 Feb--China has discovered a large dolomite mine in east China's Zhejiang Province with proven reserves of some 100 million tons, according to the Ministry of Geology. [Beijing XINHUA in English 0207 GMT 5 Feb 80 OW]

CSO: 4006

## HEAVY INDUSTRY

### BRIEFS

**GUIZHOU NATIONAL IRON, STEEL MEETING**--The national conference on the production of iron and steel was recently held in the Guiyang Iron and Steel Works. Some 11 units discussed their experiences at the conference. Three outstanding red banner units who had made contributions to developing our country's steel industry, five advanced units and three advanced collectives were cited. [HK120728 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 2 Feb 80 HK]

**HUNAN CHEMICAL FERTILIZER**--According to statistics of the Hunan Chemical Industry Bureau, by 31 January the output of chemical fertilizer in January throughout Hunan was 336,000 tons, an increase of 45 percent over the corresponding period of last year. Output of urea increased by 400 percent over the corresponding period of last year. In 1980, the Hunan Provincial CCP Committee put forward the tasks of producing 0.5 million tons of chemical fertilizer to support agriculture. The chemical fertilizer trade is fully confident of fulfilling these tasks. Output of synthetic ammonia from the small synthetic ammonia works in January increased by 32 percent over the corresponding period of last year. [HK120947 Changsha Hunan Provincial Service in Mandarin 2315 GMT 2 Feb 80 HK] In January 1980, 336,000 tons were produced in Hunan. This is 8.3 percent of the year's plans and an increase of 45 percent over the corresponding period of last year. The total output of the small synthetic ammonia works reached 43,000 tons with clear reduction in coal and electricity consumption. [HK150703 Changsha Hunan Provincial Service in Mandarin 1100 GMT 4 Feb 80 HK]

**GUANGDONG MACHINE-BUILDING INDUSTRY**--The total value of output of the machine-building industry in Guangdong in 1979 exceeded the state's plans by 8.3 percent. This is an increase of 6.1 percent over 1978. In 1979, the machine-building industry in the province was seriously short of production tasks and only one-third of the 505 enterprises owned by the whole people had sufficient business. After overcoming various difficulties, the machine-building industry carried out production in accordance with the needs of the markets and insured the fulfillment of the state's plans. They also sold products themselves that were not needed by the state. As a result, one-third of the production tasks were secured by the industry themselves. The machine-building industry in Guangdong has taken the improvement of product quality as the key point to rectify the enterprises, increasing the competitiveness of some products. [HK020621 Guangzhou Guangdong Provincial Service in Mandarin 2330 GMT 28 Jan 80 HK]

NEI MONGGOL METALLURGICAL INDUSTRY--Last year many plants on Nei Monggol's metallurgical industry front achieved good results in trying to increase production and practice economy. For example, the Baotou Aluminum Plant was able to cut down its electric power consumption for each ton of aluminum produced by 380 kwh after a renovation of its equipment. Compared with 1978, the average electricity saved by this plant last year amounted to 320 kwh for each ton of aluminum produced. Last year the authorities concerned also made readjustments on 14 metallurgical enterprises by closing them down, suspending their operations, merging them with others or postponing their construction. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 6 Feb 80 SK]

ZHEJIANG METALLURGICAL INDUSTRY--The metallurgical industry departments in Zhejiang delivered to the state profits totaling 66.9 million yuan last year, a 116.24 percent increase over 1978. Last year, the Hangzhou Iron and Steel Plant, a national advanced unit, earned a profit of 33.28 million yuan, a 72.35 percent increase over 1978. [Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 18 Feb 80 OW]

CSO: 4006

## LIGHT INDUSTRY

### SHANGHAI'S LIGHT INDUSTRY MAKES STEADY PROGRESS

Shanghai JIEFANG RIBAO in Chinese 6 Jan 80 p 1

[Report: "Shanghai's Light Industrial Growth Outstrips Heavy Industry"]

[Text] In 1979, Shanghai's industrial production hit the highest mark in local history with its gross output value exceeding 1978 by 8.1 percent.

In 1979, the departments of industry and communications in Shanghai made steady progress in production. The thorough implementation of the eight-point policy of readjusting the national economy by their workers, and their active participation in the campaign to increase production and practice economy were two major factors contributing to this success. In 1979, the total output of the two departments was higher than the target set by the Chengdu Conference. On the list of the two departments were 84 major products under the state plan. The output of 79 of these products overfulfilled the state plan; the output of 66 products was higher than the 1978 figure. The output of 30 products including chemical fertilizer, tractors, television sets, chemical fiber, wrist watches, sewing machines and steel increased by 10 percent or more over 1978.

In 1979, progress was also made in improving the quality of products and increasing their varieties. Of the 685 major products inspected for quality by the state, 95 percent were reported to have met or exceeded the standards set by the state as against 84 percent for 1978. The state awarded 25 products gold or silver medals for their high qualities, and 169 products were named commodities with qualities exceeding their peers in other parts of the country. According to the statistics, in 1979, the Shanghai factories produced 1,894 new major products; the light, textile and handicraft industries added over 32,000 new varieties to the list of their products or one-fourth more than in 1978.

The improved management and efficient operation of various enterprises in Shanghai have caused their production costs to drop and profits to rise. Eleven principal industrial bureaus have reduced their production costs in varying degrees. After adjusting for increase in the prices of raw materials and decrease in the prices of their products, industrial

enterprises in Shanghai delivered to the state a profit which exceeded the 1978 figure by 8 percent, equivalent to its industrial growth rate.

In 1979, the Shanghai communications and transportation department fulfilled its water, land and passenger transport plans ahead of schedule. Records were smashed for the harbor's accomodations, for cargoes carried by ocean-going freighters and for loading and unloading done at wharves. Shanghai also recorded an increase of 25 percent, 120 percent and 20 percent respectively in the volume of exports, port and railway container shipments, and passenger transport over 1978.

By actively implementing the policy of readjusting the national economy, the Shanghai industrial and communications department made remarkable progress in production in 1979. The output of the light industrial, textile and handicraft bureaus outstripped that of three heavy industrial bureaus. The three are the metallurgical, chemical industrial and first machine-building bureaus.

According to the statistics, the gross output value of the light industrial, textile and handicraft bureaus in 1979 exceeded 1978 by 7.8 percent as against 6.5 percent recorded by the metallurgical, chemical industrial and first machine-building bureaus. The three light industrial bureaus registered an increase of 3.9 percent for the first half of 1979 and 11.7 percent for the second half in their total output value.

The three light industrial bureaus attributed their increase in production in 1979 to their success in organizing production on the basis of the consumer needs. As a result of a campaign to improve the quality of its products and to make them catch up with and surpass the world's advanced levels, the Shanghai textile industry increased its 1979 output value by 8.5 percent and its foreign exchange income by 25 percent over 1978. In 1979, the Shanghai light industrial department concentrated its efforts on producing wrist watches for ladies, redesigned sewing machines, and other new products on a large scale. In 1979, this department successfully trial-produced over 2,000 new products and put over 1,000 of them into mass production; its gross output value was 7.2 percent higher than in 1978. The Shanghai Handicraft Bureau devoted 1979 to designing, producing and marketing new products. From the sales of over 16,000 new products in 1979, it increased its income by over 300 million yuan, or 7.3 percent, over 1978. Among these products were those which were in great demand on the market.

9574  
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## LIGHT INDUSTRY

### BRIEFS

**GUANGDONG LIGHT, TEXTILE INDUSTRY**--The people in Guangdong have scored initial achievements in developing the light and textile industries. According to the statistics of the departments concerned in the province, in the 5 months after July 1979, the output value of the light and textile industries throughout Guangdong increased by 15.49 percent over the corresponding period of 1978, surpassing the increase of heavy industry in the same period. The light and textile industries have also overfulfilled the year's accumulation plan, with the total value of production increasing by 6.11 percent over 1978. In the 5 months from August to December 1979, heavy oil, coal and electricity which the departments concerned supplied to the light and textile industries increased by 20 to 30 percent over the first 7 months of the year, enabling many factories to operate at full capacity. [HK200852 Guangzhou Guangdong Provincial Service in Mandarin 1130 GMT 13 Jan 80 HK]

**JIANGXI INCREASES FIBERS OUTPUT**--Nanchang, 24 Feb--Jiangxi scored marked success in increasing the output of chemical and blend fibers in 1979. The chemical fibers output was some 78 million tons, an 87-percent increase over 1978. The output of blend fibers and clothes increased 180 percent over 1978. [Beijing XINHUA Domestic Service in Chinese 0213 GMT 24 Feb 80 OW]

**ZHEJIANG CONSUMER PRODUCTS EXHIBITION**--Hangzhou, 12 Feb--Household electrical appliances, furniture and garments feature among new products on display and sale at a 1-month-long exhibition here. The exhibition, which was opened on February 1, is sponsored by Zhejiang provincial light industrial departments, and is intended to draw comments and suggestions from potential customers. The province turned out more than 1.4 million pieces of furniture last year, double the planned quota. Some 8260 [as printed] garment items on exhibit will be put into mass production in the first half of this year. The value of consumer products turned out in Zhejiang in 1979 amounted to 2,620 million yuan. This figure is expected to increase by 10 percent this year. [Beijing XINHUA in English 0713 GMT 12 Feb 80 OW]

JIANGXI TEXTILE INDUSTRY--In the past 10 years, the textile industry in Jiangxi primarily developed chemical fibers, thus affecting the use of existing production capability and restricting the development of varieties. In order to gradually change this irrational production structure, 24 million yuan were allocated to the textile industry in 1979 for tapping potentials, transformation and technical innovations through the state's financial aid, investments from the localities and enterprises and loans from banks. At the same time, a 20,000 square meters textile mill has been built. [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 28 Jan 80 HK]

SHANGHAI TEXTILE INDUSTRY--Shanghai, 9 Feb--Shanghai's textile industry accounts for 40 percent of the total value of commodities exported by the municipality. In 1979, the per capita value of exports of 11 textile enterprises exceeded \$20,000, while for several enterprises it reached \$47,500. Shanghai's textile enterprises have made efforts to create new varieties, improve product quality and deliver finished products on time. [OW121639 Beijing Xinhua Domestic Service in Chinese 0125 GMT 9 Feb 80 OW]

CSO: 4006

## CAPITAL CONSTRUCTION

### SHANGHAI SCORES SUCCESS IN CAPITAL CONSTRUCTION

Shanghai JIEFANG RIBAO in Chinese 7 Jan 80 p 1

[Report by JIEFANG RIBAO correspondent: "Shanghai's Readjustment of Capital Construction Front Shows Initial Results"]

[Text] In 1979, Shanghai scored an initial success in capital construction. It attributed this success to its efforts to thoroughly implement the policy of readjusting the national economy and to its decision to concentrate the main force on the capital construction front on speeding up the construction of major projects and putting them into operation on time, and to suspend or postpone the construction of not urgently needed projects, which accounted for one-third of its total investment in this field. As a result, the number of projects completed and put into operation in 1979 exceeded any previous year in local history.

In 1979, the Shanghai capital construction front was confronted with a heavy responsibility. That year, the municipal departments concerned gave priority to the construction of the 34 major projects urgently needed by the people, including fuel, power and building materials plants, light industrial and handicraft plants, textile mills, residential housing, municipal utilities, cultural centers, schools, health centers, and commercial service buildings. These departments also made arrangements for speeding up and completing the construction of 207 projects that were already under construction by the end of 1979. As soon as this goal was set, the workers on the capital construction front pooled their wisdom, and concentrated their efforts on accelerating the construction of the projects, thus shortening their building times. Last year, Shanghai fulfilled a capital construction investment plan that accounted for 25 percent more than in 1978. The construction of major projects progressed faster than expected. A large-scale concrete cement foundation has been laid for a blast furnace, a converter and a coke oven--the main phase of the Baoshan General Steel Mill. A boiler house for the power plant of the Baoshan steel mill, and one of its steel rolling plants are now well under construction. The Minxing Power Plant has installed and put into operation a 125,000-kilowatt generating unit as scheduled. The project took the plant less than a year to complete, shorter than any other similar projects

built in other parts of the country. Last year, improvements were also made in the quality of capital construction.

Architectural and installation units also took concerted actions to speed up the construction of many projects. In 1979, a total of 230 projects were completed and put into operation, thus breaking Shanghai's previous record on the capital construction front.

Also completed and put into operation were 150 other individual projects. Among the major projects that were completed and put into operation in 1979 were: a 125,000-kilowatt generating unit at the Minxing Power Plant with a daily capacity of 3 million kilowatt-hours; the Shanghai Harbor Zone 6 capable of accomodating 1.75 million tons; the project for reconstruction of the Shanghai Harbor Zone 10 Berthing Facilities; 16 valves for a reservoir capable of irrigating 520,000 mu of land; 7 granaries with a total capacity of 46 million catties; 5 freezing houses capable of storing over 17,000 tons of foods; secondary and primary and kindergartens capable of seating 49,000 students; a chemical fertilizer plant with an annual capacity of 300,000 tons of synthetic ammonia and 240,000 tons of resins.

In order to concentrate labor force on speeding up the construction of major projects and putting them into operation on time, the municipal departments concerned decided to suspend and postpone in 1979 the construction of 320 projects, which accounted for one-third of Shanghai's total investment in capital construction, with the approval of their higher authorities following careful and repeated consultations with other related units. This decision was made in accordance with the related instructions of the Party Central Committee and the State Council.

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CSO: 4006

## CAPITAL CONSTRUCTION

### STATE APPROVES HUBEI SCHEME FOR CUTTING YANGZI

HK110436 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 10 Feb 80 HK

[Text] According to HUBEI RIBAO, the scheme for cutting the Yangzi River has recently been officially examined and approved by the state. The 11th meeting of the Gezhou Dam Project Technical Committee, which was held in Beijing from 24 December to 3 January, expressed agreement with the minutes of last July's meeting, entrusted to the Ministry of Water Conservancy, on examining the technical designs for cutting the Yangzi. This agreement was expressed in the light of the speeding up of progress on the Gezhou Dam Project in 1978 and 1979. The Yangzi will be cut this year, in accordance with the scheme to build a dam linking both banks.

To insure that the project for cutting the Yangzi and building its catchment project can be carried out in a sound and successful way, the Yangzi planning office which is responsible for designing the Bezhou Dam project and the 330 engineering bureau which is building the project have carried out numerous calculations and built models to test their theories for the project and its survey, design and construction work. They have also studied Chinese and foreign materials on cutting major rivers, and have convened numerous discussion meetings on the technical planning of the Gezhou Dam project, attended by representatives of research, design, construction and equipment manufacturing units concerned throughout the country, together with representatives of institutes of higher education and waterway navigation departments. They have invited well-known Chinese water conservancy experts and professors to take part in these discussions. Serious and detailed discussions and repeated comparisons have been made with regard to the scheme for cutting the Yangzi. Relative unanimity of opinion has been gained, and choices of dam-building schemes have been suggested.

To insure that the quality of the project fully meets the demands of the design and reaches the state's standards, and to guarantee that the project is accepted by the state first time as being up to standard, the leadership of the engineering bureau and the technical supervisors have led a specialized force of 1,100 persons to the construction site to carry out a thorough inspection of the 5 main construction projects involved in the first phase of

the scheme. They have taken steps to put right the problems already discovered. Part of this work has now been completed. Some 2,500 picked men and a corresponding number of machines are now engaged in the construction work. The site is a hive of activity, with preparations in full swing for cutting the river.

CSO: 4006

## CAPITAL CONSTRUCTION

### BRIEFS

GUANGZHOU RESIDENTIAL HOUSING--In 1979, the people in Guangzhou invested funds for the construction of 450,000 square meters of residential housing, an increase of 50 percent over 1973. This is the largest scale of housing construction in Guangzhou since liberation. Some 189,000 square meters of these newly constructed housing have already been installed with water and electricity and residents are moving into them. Early in 1979, the municipality set up a special organization on residential housing construction, suspending and postponed the construction of some other projects and concentrated on the construction of residential houses. [HK240856 Guangzhou Guangdong Provincial Service in Mandarin 2330 GMT 21 Jan 80 HK]

GUANGDONG WORKERS' HOUSING--Guangdong started work on 6.5 million square meters of workers' housing last year, over 3 million square meters of which were completed. An average of 0.78 square meters of housing per worker was completed in the province. [HK020621 Guangzhou Guangdong Provincial Service in Mandarin 2330 GMT 31 Jan 80 HK]

NEW SHANDONG WATER WORKS--New tap water works was recently established in Jinan Municipality, Shandong Province. Construction of this works began in June 1978. With a daily capacity of 40,000 tons, this system will help the other six water works, whose combined daily capacity is 370,000 tons, in relieving the water shortage in the municipality. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 17 Feb 80 SK]

GUANGXI HOUSING CONSTRUCTION--Nanning, 21 Jan--One hundred thirty-four housing units covering a total floor space of some 9,000 square meters were built recently in Nanning, Liuzhou, Guilin, Wuzhou and other cities in Guangxi for sale to private citizens. This practice has been introduced by the state in Guangxi on a trial basis. Built with state funds, most of the quarters are 5-story apartment-type buildings and are conveniently located. All citizens with household registrations in these cities are eligible as buyers. Each unit is sold at a price of 7,000 to 8,000 yuan, and buyers are issued title deeds certifying private ownership. In principle, buyers should make a lump sum payment but have the option of paying in installments over a period of 3 years if making a lump sum payment is difficult. [OW231215 Beijing XINHUA Domestic Service in Chinese 0108 GMT 21 Jan 80 OW]

CSO: 4006

## DOMESTIC TRADE

### DEMAND FOR CONSUMER GOODS RISES

OW140523 Beijing XINHUA Domestic Service in Chinese 0712 GMT 13 Feb 80 OW

[Text] Beijing, 13 Feb--The supply of and demand for durable consumer goods are rapidly rising--this is a salient feature of the current markets for daily use industrial products in China.

According to statistics from the Ministry of Commerce, while the sales volume of wristwatches, sewing machines, bicycles and radios was still rising in 1979, the demand for four new products--television sets, tape recorders, electric fans and washing machines--also continued to grow. Television sets are currently in great demand. A total of 1.42 million sets were sold last year, or about three times the number sold in 1978. Nearly 300,000 tape recorders were sold in 1979, or four times the number sold in 1978. Individual purchasers are gradually becoming an important part of the electric fan market, instead of organizations, and the supply has been unable to meet demand. Sales of electric fans increased 38.6 percent in 1979. The demand for washing machines is beginning to rise.

The number of these products owned by society has been rising rapidly as industrial and commercial departments vigorously produce them. According to statistics compiled at the end of last year by the departments concerned, 1 out of every 12 people in China owns a wristwatch, 1 out of every 25 owns a sewing machine, 1 out of every 12 owns a bicycle and 1 out of every 11 owns a radio. Ten years ago 1 out of every 16,400 people in China owned a television set, but now the average figure is 1 set per every 280 people.

CSO: 4006

## DOMESTIC TRADE

### BRIEFS

JIANGSU COMMODITY PRICE INSPECTION--Nanjing, 13 Feb--Jiangsu has decided to conduct a large-scale commodity price inspection in markets of all prefectures, municipalities and counties in Jiangsu around the spring festival. The joint circular issued recently by the Jiangsu Provincial CCP Committee and the provincial people's government also stipulates that the prices of rationed nonstaple food and food supplied during the spring festival be kept stable. No markets are allowed to raise prices without authorization or in a disguised form. [Beijing XINHUA Domestic Service in Chinese 0306 GMT 13 Feb 80 OW]

JIANGSU TRADE UNION COUNCIL--A spring festival tea party was jointly held by the Jiangsu provincial and the Nanjing municipal councils of trade unions on 11 February. Present at the tea party were representatives of heroes from PLA Nanjing units, advanced producers and model workers from various fronts in the province, and responsible persons from the departments concerned. (Sun Jianzhong), vice chairman of the provincial trade union council, presided over the party. (Hu Hongjiang), vice chairman of the provincial trade union council and chairman of the municipal trade union council, spoke at the party. Wang Bingshi, member of the Standing Committee of the provincial CCP committee and vice governor of Jiangsu, extended festival greetings to all participants and stressed the needs to strengthen and improve the party leadership, promote economic work and further study Marxism-Leninism-Mao Zedong Thought as well as science and technology. [Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 11 Feb 80 OW]

WUHAN COMMODITY PRICE CIRCULAR--The Wuhan Municipal [as printed] recently issued circular to the whole municipality to launch an inspection of commodity prices before the spring festival. The inspection includes all kinds of commodities and utility services to insure whether or not they are in line with the prices stipulated by the higher level. Weights and measures will also be inspected. The advanced units and individuals who implement the policy and system of commodity prices will be rewarded. Those units and individuals who seriously violate the policy of commodity prices will be strictly dealt with and economic sanctions will be imposed on them. Bargaining on the prices of handicraft products is not allowed. The management of village trade fairs must be strengthened to protect normal transactions and abolish illegal activities. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 9 Feb 80 HK]

**HENAN COLLECTIVE COMMERCE FORUM**--The Henan commerce office recently held a forum on collective commerce work to convey and implement the opinion of the State Council on consolidating and developing collective commerce. The participants pointed out that it is necessary to fully understand the position and role of collective commerce in the national economy. At present, there are 1,510 cooperative shops and new collective commerce auditing units throughout Henan, making contributions to serving the people's daily life and the four modernizations. The staff and workers of these units are an integral part of the staff and worker ranks of socialist commerce. Politically, they enjoy the same privileges as the staff and workers of the state commerce. The collective commerce should strengthen the economic auditing, continuously improve management and should not allow any units to use their accumulated funds and public welfare funds. The goods of the collective commerce are mainly supplied by the state companies. But at the same time it is necessary to allow them to have direct contacts with factories. [HK060835 Zhengzhou Henan Provincial Service in Mandarin 1130 GMT 30 Jan 80 HK]

**HENAN COMMODITIES**--According to statistics in early January, 1 billion yuan worth of commodities were stored in the supply and marketing cooperatives at the county level and below in Henan, an increase of 65 million yuan over the corresponding period of last year. The supply and marketing cooperatives in eight municipalities including Zhengzhou, Kaifeng, Luoyang and Pingdingshan now have 96 types of spring festival commodities including fruit and vegetables in stock, an increase of 49 types over the corresponding period of last year. [HK150703 Zhengzhou Henan Provincial Service in Mandarin 1130 GMT 3 Feb 80 HK]

**GANSU MACHINERY EXHIBITION**--Recently the Gansu Provincial Machinery Bureau sponsored a sales exhibition. One hundred and eighteen enterprises on the machinery industry front took part in the exhibition, displaying some 5,600 different products. Orders received through this sales exhibition amounted to nearly 8 million yuan. [Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 2 Feb 80 SK]

**ZHEJIANG COMMODITY PRICE MEETING**--The Zhejiang people's government held an enlarged meeting of the provincial commodity price commission on 13 February to study the guidelines of the national conference on commodity prices and to discuss commodity price work in Anhui Province. Vice Governor Zhai Xiwu addressed the meeting. It called for strict implementation of the party's price policy and punishment for violators. [Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 14 Feb 80 OW]

**HEBEI TRADING CENTERS**--Since 1979, the people in Hebei have revived and set up 79 trading centers in 14 prefectures and municipalities and 61 counties, enlivening the exchange of material between the cities and countryside. These trading centers have also opened up some new channels for the flow of commodities. The total value of transactions of these trading centers throughout the province was 37.6 million yuan. [Shijiazhuang Hebei Provincial Service in Mandarin 0430 GMT 30 Jan 80 HK]

JIANGSU TRADE UNIONS MEETING--On the morning of 7 February, the Jiangsu provincial and Nanjing municipal trade union councils held a meeting in commemoration of the 57th anniversary of the "7 February" general strike by the Beijing-Hankou railway workers. Attending were some 3,000 persons, including some old workers who had joined the strike and model workers of Jiangsu Province and Nanjing Municipality. (Tu Hongjiang), vice chairman of the provincial trade union council and chairman of the Nanjing municipal trade union council, presided over the meeting. Ding Keze, Standing Committee member of the provincial party committee and chairman of the provincial trade union council, in his speech called for carrying forward the revolutionary spirit of the strike. [Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 7 Feb 80 OW]

CHONGQING SHOPS OPEN--Chongqing, 13 Feb--Hundreds of new shops, run by young people who had no jobs and other local residents, have been set up in the hilly, river-port city of Chongqing in recent months. Most of them are food shops established in back streets and around the wharves and the city railway station. Some are open round-the-clock, providing useful service to night workers. The spread of small shop service on Chongqing has been given a further boost by the city commercial department which has set up 400 booths, near the homes of workers, on the docks and along the highways, selling household daily necessities, including prepared food and fruit. The government has established a company to ensure the smooth supply of necessary commodities to miners and other workers. Chongqing has 38 industrial and mining districts with more than 600 shops. [OW140957 Beijing XINHUA in English 0711 GMT 13 Feb 80 OW]

CSO: 4020

## TRANSPORTATION

### BRIEFS

**HUNAN TRAFFIC SAFETY SYMPOSIUM**--The Hunan symposium to exchange experiences in traffic safety was held in Changsha from 26 to 31 January by the Hunan people's government. The participants to the symposium have studied measures for further doing a good job of traffic safety. Present at the symposium were Sun Guozhi, Liu Fusheng, Yinziming, Zhou Zheng and Kou Wuxian, responsible comrades of the Hunan Provincial CCP Committee, the Standing Committee of the Hunan People's Congress, the Hunan People's Government and the Hunan Military District. The Ministry of Communications also sent representatives to attend the symposium. It was pointed out at the symposium that it is necessary to frequently and deeply educate the masses on a general knowledge of traffic safety and traffic regulations, so that they understand that observing traffic regulations is an expression of socialist morality and the duty of every citizen. It is also necessary to strengthen propaganda and education for drivers and the staff and workers of the communications departments, so that they observe the law and discipline. [HK090653 Changsha Hunan Provincial Service in Mandarin 2315 GMT 1 Feb 80 HK]

**HEILONGJIANG TRAFFIC SAFETY**--The Heilongjiang Provincial People's Government held a rally in Harbin on 10 February to commend and reward advanced units and individuals in promoting traffic safety throughout the province. Vice provincial governors Chen Jianfei and Lu Guang attended the rally and presented silk banners, certificates and awards to the advanced units and individuals. Chen Jianfei spoke at the rally stressing the significance of traffic safety for stability and unity and calling for strengthening traffic management by administrative and economic means. [OW140957 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 10 Feb 80 OW]

**GUANGXI ACCESSIBILITY PLANS**--Nanning, 22 Feb--Guangxi Zhuang Autonomous Region in south China has allocated 5 million yuan this year to build motor roads to remote districts in 24 mountainous counties. The roads programme will aid many villages whose cultural and economic progress have been hampered by their inaccessibility. The 24 counties are inhabited by people of the Zhuang, Han, Yao Miao and other national minorities. Engineers have begun surveying and the regional government, under its programme for economic development of remote areas, will earmark 5 million a year from now until 1985 for the road construction, plus 2 million a year for maintenance. [Text] [OW221139 Beijing XINHUA in English 0745 GMT 22 Feb 80 OW]

SHANGHAI SEA TRANSPORT--The Shanghai Sea Transport Bureau continued to increase production in February after fulfilling the January freight and passenger transport plan 4 days ahead of schedule. It plans to ship 90,000 tons of salt from Lianyungang to Dalian during the first quarter of this year. The bureau has assigned 22 ships for ocean shipping and plans to transport 600,000 tons of liquid chemicals this year. It shipped 18,000 tons of liquid chemicals in January, accruing a sum of foreign exchange earnings. [Shanghai City Service in Mandarin 1130 GMT 19 Feb 80 OW]

SHANGHAI SHIP RESCUE OPERATION--Shanghai, 19 Feb--The crew members of the Shanghai Marine Salvage Bureau's ship "De Da" were praised by the fishermen of 2 of 12 fishing boats from Jiaonan County and Jiao County, Shandong, for rescuing them when their boats broke down in a storm while operating in southern Huanghai Sea on 29 January. The 20,800-up "De Da" left Shanghai for Huanghai after receiving a distress call from the boats on 30 January and located the boats on 31 January. Because their ship could not approach the boats in the strong winds, the crew members had to risk their lives and use small boats to board the fishing boats. They then repaired the damaged engines and restored their navigational capabilities. The fishing boats were escorted by "De Da" to Qingdao harbor on 3 February. On 4 February the Qingdao Municipal Party and Revolutionary Committees and the PLA units stationed in Qingdao hosted a welcoming meeting for the "De Da" crew. "De Da" is an oceangoing rescue tugboat with the greatest horsepower of any ship in China at present. [Beijing XINHUA Domestic Service in Chinese 0733 GMT 19 Feb 80 OW]

GUANGDONG TRANSPORT RALLY--On 11 February, the Guangdong Provincial CCP Committee, the provincial people's government and the Ministry of Communications held a rally in Guangzhou to name the Guangzhou Sea Transport Bureau as a "Daqing-type enterprise." Attending the rally were Li Jianan, Standing Committee member of the Guangdong Provincial CCP Committee and vice provincial governor; Guo Jian, vice minister of communications; (Lin Sheng), member of the party organization, and (Wang Huan), chairman of the Guangdong Economic Committee, together with 600 persons. [Guangzhou City Service in Cantonese 0430 GMT 12 Feb 80 HK]

SUZHOU-HANGZHOU PASSENGER FERRIES--Nanjing, 20 Feb--Two passengers ferries with bunks have recently joined the service of the Suzhou-Hangzhou navigation route, providing convenience to tourists visiting these two scenic cities. [Beijing XINHUA Domestic Service in Chinese 0220 GMT 20 Feb 80 OW]

NEW NANCHANG MOTOR VEHICLE STATION--On the eve of spring festival, the new building of the Nanchang motor vehicle station for passengers officially opened to travelers. On 13 February, an inauguration of the new building was held. Liang Haixian, vice provincial governor and chairman of the Jiangxi Economic Committee, cut the ribbon. (Liu Zhendong), vice chairman of the Jiangxi Economic Committee and head of the transport office, gave a speech. [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 13 Feb 80 HK]

**GUANGDONG TRAFFIC SAFETY NOTICE**--The Guangdong Traffic Safety Committee recently issued an urgent notice on educating the cadres and masses about two recent explosions along the railway line. The leadership at all levels must go deep into the piers and railway stations to supervise the staff and workers at the stations and other personnel concerned to strengthen management over inflammable and dangerous goods and prohibit the passengers from illegally carrying any dangerous goods on the cars and ships. [HK260220 Guangzhou Guangdong Provincial Service in Mandarin 2330 GMT 12 Feb 80 HK]

**JIANGXI COMMUNICATIONS CIRCULAR**--The Jiangxi Communications Department recently issued a circular to the communications departments at all levels throughout Jiangxi, demanding that organization personnel go to piers, highways and on-the-spot areas of production to strengthen their command over production safety. The circular pointed out that transport which is not in line with the demand of the safety standards is not allowed to operate. The circular reiterated that those without a license or those who have been drinking are not allowed to drive. [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 9 Feb 80 HK]

**FUJIAN HARBOR CONSTRUCTION**--Fuzhou, Feb 17--Coastal Fujian Province is expanding its harbour facilities, spurred by a 42 percent increase in foreign trade last year. Xiamen (Amoy), a major port city, is adding four new berths for 10,000 to 50,000 ton ships. New harbours are to be built at Quanzhou, Xiuyu, Saiqi and Xiazhai. Fuzhou, another major port, has completed in the past two years four berths for from 5,000 to 10,000 ton ships and many other berths for smaller vessels. Fuzhou harbour handled 380,000 tons of cargo in 1979, exceeding the state target by 46 percent. Deep-water Xiamen harbour can accommodate vessels up to 70,000 tons. It handled more than 640,000 tons of cargo last year. The new passenger-cargo peace wharf opened service to Hong Kong not long ago. Connected by railways, highways and inland rivers to other cities and provinces, two port cities have become trading centres, exporting coal and iron, tungsten and molybdenum ores as well as local products, and importing equipment and materials. [OW182050 Beijing XINHUA in English 1254 GMT 17 Feb 80 OW]

**SHANGHAI CONTAINER COMPANY**--Shanghai, February 17 (XINHUA)--The Shanghai container company has held lengthy discussions with Chinese and foreign shipping companies on container freight since its establishment on February first. The company undertakes to load, unload, repair, clean and store containers. Shanghai began in 1973 to handle container cargoes bound for Japan, Australia, Hong Kong and other destinations. The establishment of the new company will provide a better service for ships carrying containers. [Text] [Beijing XINHUA in English 1228 GMT 17 Feb 80 OW]

**RAIL CONSTRUCTION PROJECT**--Beijing, 7 Feb--The 50-kilometer double-track project between Shuangqiao and Huairou on the Beijing-Chengde railway line is under construction. The completion of this section will greatly enhance traffic capacity of the Beijing-Chengde and Beijing-Tongliao railway lines. As of the end of January, the PLA railway corps undertaking the project had overfulfilled the monthly construction plan by 4 percent. [Beijing XINHUA Domestic Service in Chinese 1713 GMT 7 Feb 80 OW]

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